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NATIONAL
RESTAURANT
ASSOCIATION

Restaurant Industry Operations Report '83

For the
United States

Prepared in cooperation with

LH Laventhol & Horwath
Certified Public Accountants

Restaurant Industry Operations Report '83

1983 Edition

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To the reader:

Restaurant Industry Operations Report '83 is based on financial and operating data provided by members of the National Restaurant Association. The data analysis and compilation were performed by the national accounting firm of Laventhol & Horwath and the report was published in conjunction with the NRA. Approximately 1,110 questionnaires were received from restaurant operators, and 828 were used as the basis for this report. This unique study of the operating results of restaurants in 1982 includes specific financial information on full and limited menu tableservice restaurants, operators with no tableservice (fast food) and cafeterias.

The data have been compiled on the basis of type of restaurant, location, affiliation, years of operation, sales volume, menu theme and other significant categories. Separate sections of the report cover the analysis of those restaurants that serve only food and of those serving food and alcoholic beverages.

Generally, operating results are expressed as amounts per restaurant seat and ratios to total sales, the most common bases used in the industry. The amounts and ratios in the exhibits and text are the medians and upper and lower quartiles of those reporting the data, unless otherwise noted. They are intended to be used as guidelines, not as standards or goals. They are not an attempt by the National Restaurant Association or Laventhol & Horwath to set or conform prices or operating ratios for the industry. The results of the operations studied can become a basis for comparison with your operation by using the worksheet in the back of the report and the appropriate figures from the schedules. We believe that evaluation of the variances revealed by that comparison can be helpful.

We sincerely appreciate the cooperation of those restaurant operators who supplied complete data for their restaurants, making this study possible. The participant base of this report is significantly higher than in the past, making the figures presented more representative of the foodservice industry. We also thank the personnel of Laventhol & Horwath who contributed informative comments on the restaurant industry in their regions.

National Restaurant Association
Joe R. Lee
Chairman of the Board and
President

Laventhol & Horwath
John D. Lesure, Partner
Director of Research and
Development

Explanatory Notes

Readers should be aware that the operators who participated in this study are not identical with those who participated in prior years' studies. This makes comparisons with previous data difficult because reporting ratios can be vastly different. However, comparisons of the information in these reports may be useful in identifying certain financial trends.

This is the second year that medians have been used in this report. The figures presented are the middle values of all amounts calculated for a particular item when placed in sequential order. Half of all values reported are below this median and half are above. Readers should be aware that the medians are calculated only from respondents reporting information for the particular line item. To provide readers with a better range of what the reported values are, lower and upper quartiles are presented. These are the midpoints of each group divided by the median. In other words, the sample is broken into four equal parts when arranged in sequential order. The lower quartile divides the sample into the lowest quarter and higher three-quarters of the sample; the upper quartile divides the sample into the highest quarter and lower three-quarters of the sample. Readers should be aware, however, that columns composed of medians and quartiles may not add to the totals shown in the exhibits of this report.

For the first time, detail of controllable expenses, such as direct operating, advertising, utilities, administrative and general, and payroll expenses, is not provided because we eliminated some detail from this year's questionnaire to increase participation in the survey. The revision served its purpose, and the sample reached the highest level yet attained.

The charts on pages 9 and 39 of this report provide a breakdown of the restaurant industry dollar in 1982 and 1981 for food only restaurants and food and beverage restaurants. It is important to note the separation of these source and revenue dollars since the operating results do differ significantly on various accounts according to the type of operation. For this reason, it also is important to compare operations under the appropriate section of this report. The ratios provided in these charts are calculated using weighted averages and therefore show different results than the detailed exhibits in each section, which present medians and quartiles. Each item is weighted to reflect the total sample size.

The Foodservice Industry

The foodservice industry, including the commercial restaurant segment, is one of the most important and dynamic industries in the country. Industry sales in 1983 are expected to top $144 billion and equal approximately 5 percent of the nation's gross national product. The nation's 560,000 separate establishments employ more than eight million people. One-fourth of the industry's employees are teenagers and two-thirds are women.

More than 77 million customer transactions occur every day in commercial eating establishments, and about eight out of ten families report that they regularly dine at restaurants. Research conducted by the National Restaurant Association reveals that the typical person purchases meals away from home 3.5 times per week. In addition, the average family allocates 36.2 percent of its food budget to meals and snacks outside the home. This is up from 33 percent in 1970 and 25 percent in 1950.

The industry has been a prime beneficiary of the improving economy. Lower inflation, increasing disposable income and more confidence in the country's general economic health have helped boost foodservice sales. The National Restaurant Association expects real sales (adjusted for inflation) to rise 3.3 percent in 1983, the largest advance since 1977. Inflation-adjusted sales increased only 1.2 percent in 1982 and 0.5 percent in 1981, but declined 0.6 percent and 0.5 percent in 1980 and 1979 respectively. Continued economic growth and lower unemployment in 1984 mean the industry should experience healthy sales growth next year.

Sales for commercial restaurants (eating places, contract feeding, hotel/motel restaurants, retail hosts) have risen steadily in the past few years. In 1983, sales for the commercial segment are predicted to reach $122.5 billion, up from $112.8 billion in 1982 and $105.8 billion in 1981. Real sales have grown significantly, reaching the highest level since 1977. Inflation-adjusted sales should rise 3.6 percent in 1983 compared with gains of 1.6 percent and 0.6 percent in 1982 and 1981 and a 1 percent decline in 1980.

The successful restaurant of the future will place considerable emphasis on serving quality food, being hospitable and providing pleasant surroundings – all at a worthwhile price. Research conducted by the National Restaurant Association has revealed that restaurant patrons want and expect food to be tasty, be served at the appropriate temperature, have a pleasing appearance and be prepared with fresh ingredients. They want to be greeted with a smile and asked if they want anything else and if their meals are all right. Further, they want the restaurant to be clean, attractively decorated and equipped with comfortable seats. Restaurateurs who can deliver these things along with value for the dollar will be more successful.

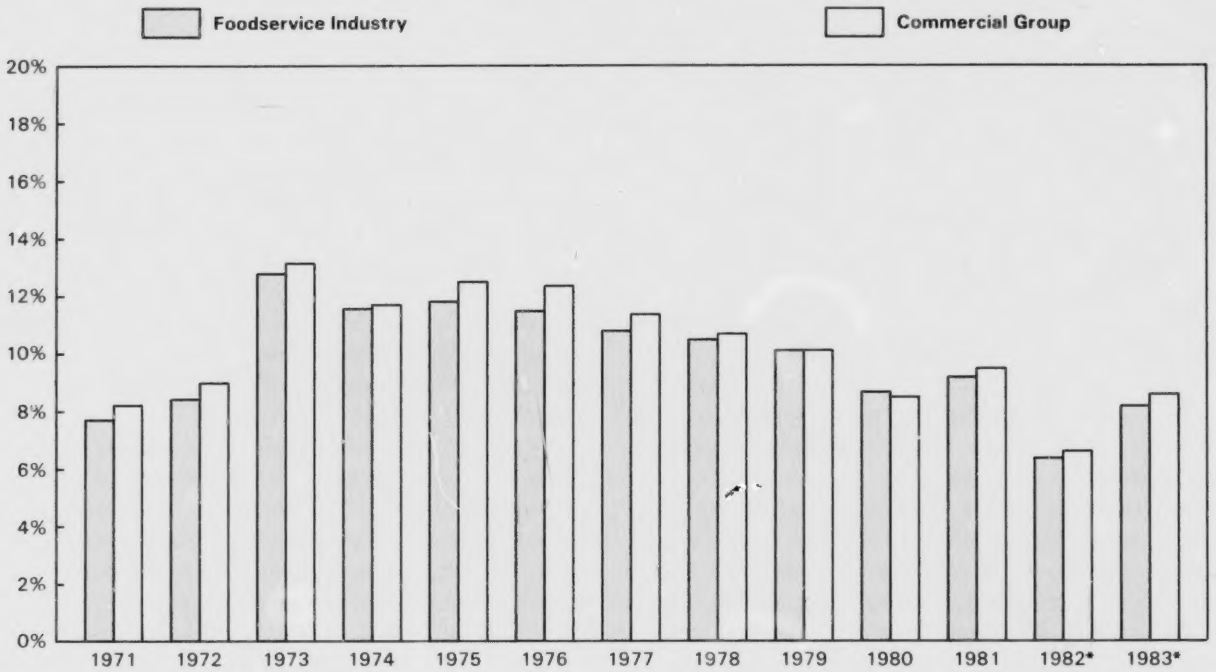
Operators have been developing and using sophisticated marketing and merchandising plans in an effort to satisfy the changing and increasing demands of the consumer. More restaurateurs are taking the time to identify and study their patrons. One way they are doing this is through market segmentation and repositioning to meet the consumer's needs. In addition, operators are recognizing that the reason for eating out and the make-up of the party are key factors in the choice of a restaurant. For example, if they want to attract lunch business, they know they must be able to serve quick, attractive meals to satisfy their patrons' demands.

Restaurant operators also have become increasingly cognizant of the necessity to develop and implement cost controls as a means to hold menu prices in line. They have learned to take advantage of lower cost and seasonal commodities, offering them as daily specials.

The restaurant industry continues to prepare for the future and the changing needs and desires of the consumer. Restaurateurs are becoming more knowledgeable about their customers and are finding ways to take advantage of the changing operating environment.

Research and Information
Service Department
National Restaurant Association

Percent Change in Dollar Sales, 1971–1983
(Current Dollars)

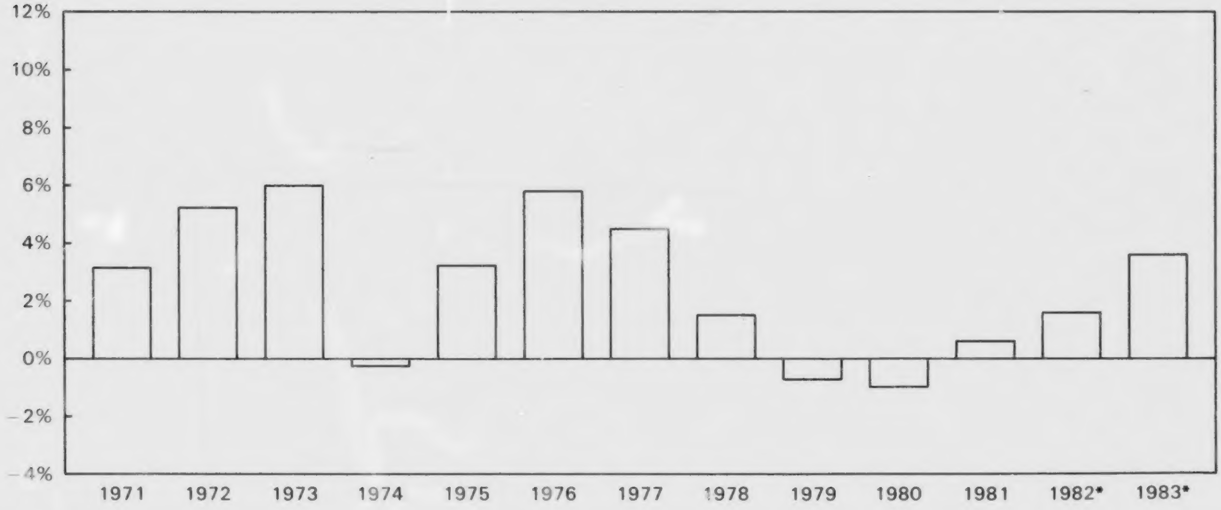


*Estimates.

NOTE: Foodservice industry sales include all meal and snack sales at commercial restaurants, institutional organizations, hotel/motel restaurants and food contractors. Commercial group sales include all meal and snack sales at commercial restaurants, food contractor outlets, hotel/motel restaurants, retail host restaurants.

SOURCE: National Restaurant Association.

Commercial Restaurant Group
Percent Change in Dollar Sales, 1971–1983
(Constant Dollars)



*Estimates.

NOTE: Commercial restaurant group sales include all meal and snack sales at commercial restaurants, food contractor outlets, hotel/motel restaurants and retail host restaurants.

SOURCE: National Restaurant Association.

The Restaurant Study
Operating Results of Restaurants—1982

By Janet D. Carroll
Research & Development Division
Laventhol & Horwath

Bases of analysis

The restaurants participating in this study represent a broad cross section of the foodservice industry. In most cases, comparisons between categories can be made with *Restaurant Industry Operations Report '82*. There are a few additions to this report that cannot be compared with past reports. They are the meals-served category and the cross tabulations for such breakdowns as organization (single unit, multi-unit) and affiliation (franchisee, nonfranchisee), which are presented in this report for the first time.

This operational analysis is divided into two sections, as in the past, to reflect the different operating results from those restaurant operations serving alcoholic beverages and those not serving such beverages. Where noteworthy, reference is made to previous reports, enabling readers to make year-to-year comparisons.

The most common measurements in the foodservice industry are amounts per seat and percentage of total sales. These terms, as well as various productivity statistics, are used extensively throughout this report. The number of seats used in computations is the total of dining room, bar and banquet seats.

The ratios to total sales figures are based on total food and beverage sales, with the exception of food cost and beverage costs, which are based on their respective sales. Most of the figures used are the medians and upper and lower quartiles and do not necessarily add to the totals shown. Each line item has been analyzed separately and the medians and quartiles are based on the information submitted for that line item only, since not all restaurants reported data for each line. The weighted mean is used in "The Restaurant Industry Dollar" (pages 9 and 39). This expresses the absolute value of the sources of the foodservice dollar and the distribution of controllable expenses, occupation costs, interest, depreciation and net income before income taxes. This method is used in contrast with presenting the medians of each component of the dollar.

The reader should keep in mind that this is only the second year that medians have been presented, therefore comparisons with reports from prior years must be made with caution. Trends from the reports, rather than absolute figures, are best used for comparison purposes, since means and medians cannot be directly related.

Section A—Food Only Restaurants

The restaurant industry dollar presented in Chart 1 (page 9) compares the source and distribution of the restaurant dollar for operations not serving any alcoholic beverages. These restaurants reported similar proportions of food revenue and other revenue sources in comparison with last year. An increase in various costs pushed net income before income taxes down from 4.3 percent of sales in 1981 to 3.5 percent of sales in 1982.

Food costs and utilities expenses rose slightly during the year, while administrative and general expenses increased to 5.3 cents of each dollar, up from 4.5 cents in 1981. Occupation costs consumed the largest increase in expenditures, contributing greatly to the reduction in net income, and resulted from advances in rent and taxes. All occupation costs consumed 9.3 cents of every dollar, up considerably from 6.5 cents in 1981. A variety of other deductions, including bonuses, profit sharing and royalty fees, were deducted from many operations before arriving at the 3.5 percent net income before income taxes.

Profile of participants

A total of 228 restaurant operations participated in this section of the study. The highlights and characteristics presented below, based on measures of central tendency (arithmetic mean, median or mode), and Exhibit A-1 (page 10) provide an idea of the composition of the participants. These characteristics help to explain some of the operating results.

Highlights

- Median food sales per seat for the food only restaurants in this study were $4,206 in 1982.
- Median food costs were $1,562 per seat in 1982.
- The median check was $3 and the average daily seat turnover was 3.72.
- Net income before income taxes was 4.8 percent.
- Total sales per full-time equivalent employee were $25,803.

Characteristics

- More than five years old.
- Part of a privately owned corporation.
- Had an average of 172 seats, ranging from 12 to 820.
- Leased land and building and part of a detached facility.
- Occupied 3,645 square feet of space.

Where It Came From*

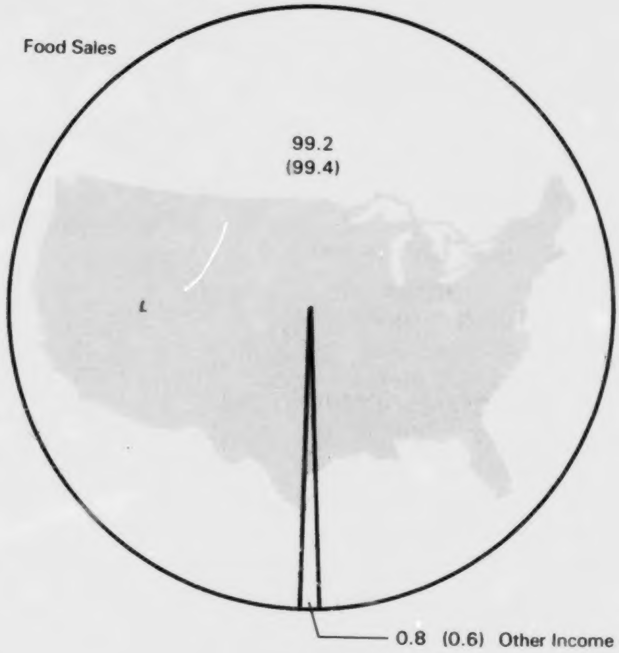
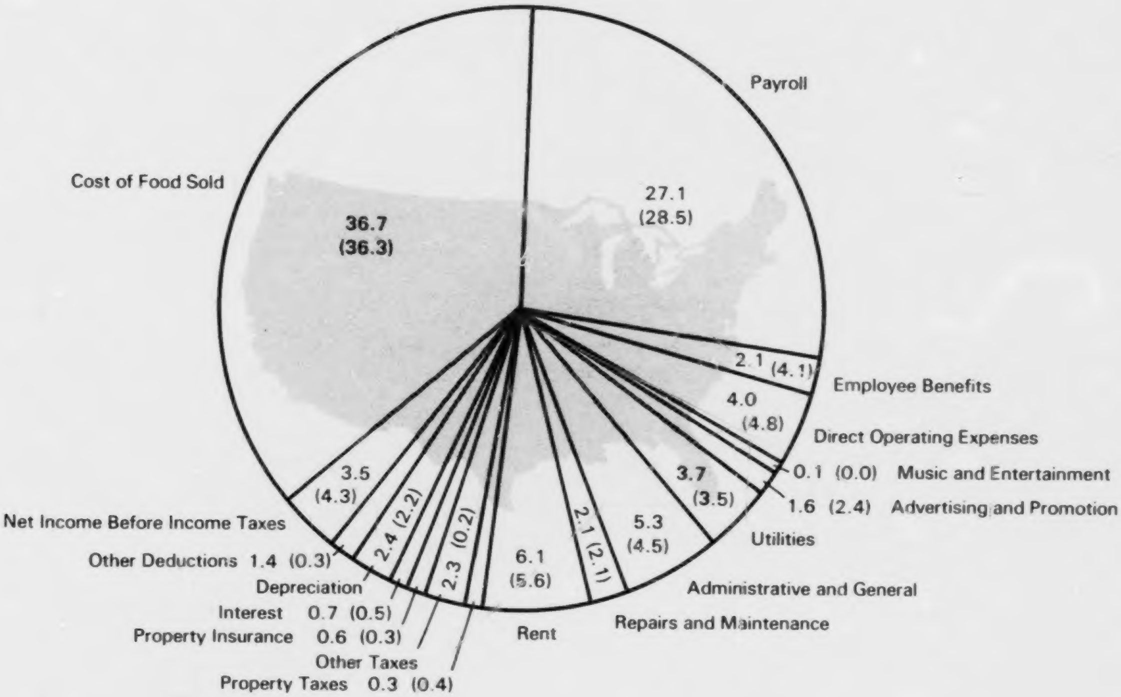


Chart 1: The Restaurant Industry Dollar
Food Only Restaurants

Where It Went*



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*1981 percentages in parentheses; restated.

Exhibit A-1
A Profile of Participating Food Only Restaurants

Years in Business:	Percentage of Respondents
Under 5 Years	25.2%
5 to 10 Years	19.8
Over 10 Years	55.0

Type of Restaurant:	
Cafeteria	16.7%
Limited Menu—No Tableservice	27.6
Full Menu—Tableservice	22.8
Limited Menu—Tableservice	8.3
All Others	24.6

Region:*	
Northeast	12.1%
North Central	33.5
South	18.7
West	35.7

Location:	
Urban	45.9%
Suburban	38.5
Rural	15.6

Affiliation:	
Single Unit—Independent	37.4%
Multi-Unit—Company Operated	45.8
Multi-Unit—Franchisee Operated	16.8

Meals Served:	
Breakfast and Lunch Only	3.6%
Lunch and Dinner Only	36.9
Dinner Only	2.7
All Meals	56.8

Sales Volume:	Percentage of Respondents
Under $450,000	41.2%
$450,000 to $899,999	31.6
$900,000 and Over	27.2

Profit Versus Loss:	
Net Profit	77.1%
Net Loss	22.9

Separate/Detached Building:	
Yes	70.9%
No	29.1

Lease Versus Own:	
Own Land and Building	33.0%
Lease Land and Building	67.0

Competition:	
Intense	48.2%
Average	44.9
Mild	6.9

Ownership:	
Sole Proprietorship	18.0%
Partnership	7.9
Public Corporation	10.5
Private Corporation	63.6

Menu Theme:	
American	64.3%
Sandwiches/Hamburgers	14.4
All Others**	21.3

*Northeast: CT, ME, MA, NH, NJ, NY, PA, RI, VT.
North Central: IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI.
South: AL, DC, DE, FL, GA, KY, LA, MD, MS, OK, NC, SC, TN, TX, VA, WV.
West: AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY.
**Includes steak, seafood, steak and seafood, chicken, salad bars and specialty sandwiches.

Average check

Exhibit A-2 shows the range of the average receipt per cover for all establishments, as well as for several important categories. As might be expected, the meals served category highlights both the lowest and the highest range of checks. Operations serving breakfast and lunch only reported an average check of $2.30, while those serving dinner only reported an average check of $5.50. In 50 percent of the entire food only sample, the average check ranged from $2.50 to $3.75.

Exhibit A-2
Food Only
Average Check

	Lower Quartile	Median	Upper Quartile
Age			
Under 5 Years	$2.43	$3.00	$3.59
5 to 10 Years	2.56	3.00	3.65
Over 10 Years	2.56	3.04	3.84
Location			
Urban	$2.64	$3.00	$3.32
Suburban	2.26	3.20	3.95
Rural	2.53	3.43	4.77
Meals Served			
Breakfast & Lunch Only	$1.30	$2.30	$3.16
Lunch & Dinner Only	2.93	3.47	4.34
Dinner Only	3.72	5.50	8.31
All Meals	2.33	3.00	3.14
Menu Theme			
American	$2.50	$3.00	$3.39
Sandwiches/Hamburgers	1.94	2.74	3.19
All Others	2.79	3.98	5.32
Region			
Northeast	$2.02	$2.58	$3.33
North Central	2.28	3.26	3.85
South	2.87	3.07	4.41
West	2.70	3.00	3.57
All Establishments	$2.50	$3.00	$3.75

Net income

Comparisons of operations reporting profits with those reporting losses are shown in Exhibit A-3 (page 12). Sales per seat for operations reporting a profit rose more than 23 percent compared with 1981, while sales per seat for those reporting a loss declined more than 30 percent. Interestingly, median controllable expenses were higher for the net income group, with the exception of repairs and maintenance costs, which were 8.3 percent higher for the net loss group. Overall, controllable expenses for the net income group increased compared with 1981, with the largest single increase being administrative and general expenses. In contrast, many controllable expenses declined for operations that lost money during 1982. Most significant declines in expenditures were in payroll, employee benefits, and advertising and promotion. The median income before occupation costs was more than four times higher for profitable operations than for their financially deficient competitors. Profitable operations also incurred higher occupation costs with the exception of other taxes, which were substantially higher for unprofitable operations.

The ratio of cost of sales to total sales was higher for unprofitable operations than for profitable ones. In addition, payroll, direct operating expenses, utilities, administrative and general expenses, and repairs and maintenance expenses were higher for the net loss group. Median advertising and promotion expenses for those earning a profit were twice those for unprofitable operations during 1982. Most occupation costs were higher in relation to total sales for the net loss group. Before other additions and deductions, the net profit group showed a median income of 7.6 percent while the loss group showed a 3.7 percent loss.

The average check was virtually the same for both groups, at $3, while the range in the net income group was slightly larger. The measures pointing out operating differences between the groups are the average daily seat turnover and the productivity index. Both of these key measures were significantly higher for the profit group. Half of all profitable operations reported a seat turnover ranging from 2.74 to 8.38, while half of all unprofitable operations reported a range of only 2.06 to 4.46. Productivity also was noticeably lower for the net loss group.

Exhibit A-3
Food Only
Net Income Differential

	Amount Per Seat					
	Net Income			Net Loss		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$3,139	$5,465	$8,239	$2,092	$2,775	$5,372
Total Cost of Sales	$1,237	$1,840	$3,042	$ 783	$1,132	$2,126
Gross Profit	$1,974	$3,492	$5,262	$1,268	$1,715	$3,461
Other Income	$ 4	$ 14	$ 31	$ 1	$ 13	$ 40
Total Income	$2,020	$3,507	$5,262	$1,268	$1,738	$3,461
Controllable Expenses						
Payroll	$ 862	$1,288	$2,036	$ 710	$ 904	$1,731
Employee Benefits	53	93	197	36	71	120
Direct Operating Expenses	112	212	292	94	135	222
Music & Entertainment	3	5	35	2	5	27
Advertising & Promotion	13	55	155	8	19	66
Utilities	132	194	249	135	162	212
Administrative & General	83	259	625	77	185	282
Repairs & Maintenance	52	84	176	33	91	147
Total Controllable Expenses	$1,480	$2,270	$3,688	$1,283	$1,691	$2,979
Income Before Occupation Costs	$ 503	$1,018	$1,590	$ (40)	$ 239	$ 825
Occupation Costs						
Rent	$ 144	$ 287	$ 508	$ 117	$ 203	$ 426
Property Taxes	5	17	50	3	8	29
Other Taxes	12	57	204	16	76	335
Property Insurance	19	27	49	4	18	32
Income Before Interest & Depreciation	$ 262	$ 534	$ 877	$ (221)	$ (10)	$ 128
Interest	$ 18	$ 57	$ 120	$ 21	$ 41	$ 107
Depreciation	$ 62	$ 108	$ 180	$ 56	$ 103	$ 234
Net Income Before Other Deductions	$ 163	$ 418	$ 634	$ (402)	$ (119)	$ (34)
Other Additions & Deductions	$ (244)	$ (85)	$ (16)	$ (151)	$ (71)	$ (29)
Net Income (Loss) Before Income Taxes	$ 128	$ 321	$ 610	$ (454)	$ (161)	$ (96)
Other Data						
Average Receipt Per Cover						
Average Daily Seat Turnover						
Productivity Index						

N — Negligible.

Ratio to Total Sales					
Net Income			Net Loss		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
33.3%	36.7%	39.1%	34.4%	38.3%	40.7%
60.9%	63.3%	66.7%	59.3%	61.7%	65.7%
0.1%	0.3%	0.6%	0.1%	0.4%	1.1%
61.0%	63.3%	66.9%	60.0%	61.9%	66.5%
21.0%	25.2%	28.1%	27.0%	30.9%	38.4%
0.9	2.2	3.3	0.8	2.3	3.8
2.6	3.3	5.1	3.3	3.9	4.9
0.1	0.1	0.4	N	0.2	0.6
0.5	1.8	3.7	0.3	0.9	2.4
2.8	3.5	4.4	3.7	5.3	6.5
2.5	5.4	9.4	2.1	8.2	9.8
1.2	1.7	2.3	1.5	2.6	3.3
39.5%	43.9%	48.0%	46.4%	52.2%	63.5%
15.0%	19.8%	25.3%	(1.9)%	8.1%	14.7%
3.3%	5.0%	7.0%	4.6%	5.9%	8.6%
0.2	0.4	0.7	0.1	0.4	1.0
0.2	2.4	4.1	0.6	3.0	5.4
0.3	0.5	1.1	0.2	0.3	1.0
0.5%	1.1%	2.2%	0.8%	1.9%	5.4%
1.3%	2.0%	3.0%	2.1%	4.0%	5.5%
6.9%	10.4%	17.5%	(9.0)%	0.1%	2.7%
4.3%	7.6%	13.9%	(15.1)%	(3.7)%	(1.2)%
(3.8)	(2.4)	(0.2)	(5.6)	(3.1)	(0.8)
3.5%	7.1%	12.2%	(16.0)%	(4.6)%	(2.6)%
$2.55	$3.00	$3.81	$2.61	$3.00	$3.53
2.74	4.64	8.38	2.06	2.86	4.46
3.21	3.77	4.37	2.40	3.13	3.61

Earnings ratio

The amount after all expenses are paid as a ratio to total sales is shown in the earnings ratio exhibit (A-4). The median earnings ratio was 4.8 percent of total sales. More significantly, half of all respondents earned between 0.2 percent and 10.2 percent out of each sales dollar. As the exhibit shows, those operations leasing their land and building reported lower earnings than those indicating ownership. Restaurants operating in a separate building as the sole occupant reported higher earnings overall compared with those located in an attached building, and cafeterias reported significantly lower earnings in relation to total sales compared with other types of operations. Limited menu-no tableservice (fast food) restaurants reported the highest median earnings ratio, at 9.3 percent.

Exhibit A-4
Food Only
Earnings Ratio

	Lower Quartile	Median	Upper Quartile
All Food Only Restaurants	0.2 %	4.8%	10.2%
Lease Land and Building	(1.8)%	4.1%	9.8%
Own Land and Building	1.4 %	5.1%	10.2%
Restaurant Occupies:			
Separate or Detached Building	0.4 %	5.0%	10.5%
Attached Building	(4.4)	4.1	7.6
Type of Restaurant			
Cafeteria	(7.2)%	1.8%	8.8%
Limited Menu—No Tableservice	2.4	9.3	15.3
Full Menu—Tableservice	0.6	5.0	10.4
Limited Menu—Tableservice	2.2	6.1	11.7

Cost of sales

An analysis of the prime cost and its components, cost of sales and payroll cost, is shown in Exhibit A-5. The median prime cost per dollar of sales at all operations in this analysis was 66.1 cents, up 4.6 percent from 63.2 cents in 1981. Of the categories presented, the public companies reported the highest prime cost, more than 76 cents of every dollar, supported by the 32.2 cent payroll cost, the second highest of those presented. The lowest payroll expenditures were reported by operations serving sandwiches and hamburgers, at 23.5 cents of every sales dollar. The other groups that reported a prime cost in excess of 70 cents were the cafeterias, the limited-menu tableservice restaurants and those that lost money during 1982. Sole proprietorships and fast food operations reported relatively low prime costs.

Exhibit A-5
Food Only
Cost Per Dollar of Sales*

	Total Cost of Sales	Total Payroll	Prime Cost
All Food Only Restaurants	37.7¢	28.3¢	66.1¢
Type of Restaurant			
Cafeteria	34.6¢	33.5¢	74.9¢
Limited Menu—No Tableservice	36.7	24.6	61.6
Full Menu—Tableservice	36.5	30.4	66.4
Limited Menu—Tableservice	41.1	29.6	71.6
Location			
Urban	38.1¢	28.1¢	66.4¢
Suburban	36.9	29.3	63.7
Rural	38.2	30.2	68.8
Profit Versus Loss			
Net Profit	37.5¢	26.5¢	64.2¢
Net Loss	39.0	32.0	71.5
Ownership			
Sole Proprietorship	38.2¢	27.7¢	64.7¢
Partnership	37.6	28.6	68.9
Public Corporation	37.5	32.2	76.1
Private Corporation	37.6	28.2	65.8
Menu Theme			
American	38.1¢	30.5¢	66.8¢
Sandwiches/Hamburgers	35.4	23.5	60.3
All Others**	37.6	26.2	67.2

*All amounts are medians.
**Includes steak, seafood, steak and seafood, chicken, salad bars and specialty sandwiches.

Employee data

Of the participating restaurants not serving any alcoholic beverages that provided employee information, the median total number of employees was 30, or 24 full-time equivalent (FTE) employees. The median sales per FTE employee were $25,803, 18.3 percent higher than in 1981. The productivity index was 3.54, 7.6 percent higher than the index of 3.29 in 1981. Limited menu restaurants without any tableservice reported sales per FTE employee of $29,260, 10 percent higher than last year and the highest of those presented in Exhibit A-6. The productivity

Exhibit A-6
Food Only
Analysis of Employee Data*

		Restaurants Reporting		Location			Type of Restaurant			
	Total	Net Income	Net Loss	Urban	Suburban	Rural	Cafeteria	Limited Menu No Table-service	Full Menu Table-service	Limited Menu Table-service
Number of Employees Per Restaurant										
Full-Time	10	10	13	11	10	8	24	4	10	6
Part-Time (20-35 Hours)	8	10	7	11	5	9	2	6	9	13
Part-Time (Less Than 20 Hours)	6	7	6	6	6	5	8	6	3	5
Total	30	33	31	33	29	27	40	16	25	32
Full-Time Equivalent Employees										
Total	24.0	25.8	25.3	24.8	25.5	20.8	31.0	11.6	19.8	23.4
Per 100 Restaurant Seats	17.8	20.0	13.9	21.1	15.2	16.4	13.1	22.5	15.4	18.6
Per 100 Average Daily Covers	4.7	4.8	4.5	5.0	4.6	5.7	4.6	2.5	5.6	6.8
Total Sales Per Full-Time Equivalent Employee	$25,803	$27,385	$23,597	$27,763	$25,803	$23,755	$26,247	$29,260	$21,091	$22,899
Payroll Per Full-Time Equivalent Employee	$ 7,446	$ 7,452	$ 7,690	$ 7,723	$ 7,423	$ 7,209	$ 8,220	$ 7,210	$ 6,637	$ 6,211
Index of Productivity	3.54	3.77	3.13	3.56	3.41	3.31	2.98	4.06	3.29	3.39

*All amounts are medians and do not necessarily add to totals shown.

index of 4.06 for this group also is the highest presented.

Occupancy costs

All occupancy costs, interest and depreciation are shown in Exhibit A-7 by type, location, region and for all establishments. Those respondents in the West reported the highest expense presented in three areas: rent, other taxes and interest. Both property taxes and depreciation were highest in restaurants with a limited menu and no tableservice.

Exhibit A-7
Food Only
Occupancy Costs, Interest and Depreciation—Amount Per Seat*

		Type of Restaurant				Location			Region			
	Total	Cafeteria	Limited Menu No Table-service	Full Menu Table-service	Limited Menu Table-service	Urban	Suburban	Rural	North-east	North Central	South	West
Rent	$249	$181	$299	$176	$265	$269	$220	$242	$224	$173	$287	$374
Property Taxes	17	4	54	14	27	18	12	24	28	24	12	16
Other Taxes	73	28	35	69	38	140	27	74	23	29	59	229
Property Insurance	27	5	34	41	34	25	25	43	45	27	33	25
Interest	60	52	74	27	44	62	64	43	42	75	26	81
Depreciation	103	61	174	74	88	116	77	106	108	73	87	154

*All amounts are medians.

Special analysis

The amount per seat and ratios to total sales of both income before occupation costs and restaurant profit are shown in Exhibits A-8 through A-11. Income before occupation costs and restaurant profit are analyzed by more than one category, thereby providing a narrower look at operating results. To use this cross tabulation, locate both parameters of interest on the table and then find the intersection. The upper portion of each box presents the amount per seat, while the lower portion shows the percentage to total sales.

For example, for a franchise operation that is part of a multi-unit organization, the median income before occupation costs was $1,141 per seat and 22.8 percent of total sales. This analysis was designed to provide a close look at operations with similar characteristics. Totals for each row and column also have been provided for comparison.

Exhibit A-8
Food Only
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Franchise and Organization

	Amount Per Seat Ratio to Total Sales	Organization		Total
		Single Unit	Multi-Unit	
Franchise	Franchisee	$1,141 22.9%	$1,210 22.8%	$1,163 22.9%
	Independent	$468 15.7%	$798 16.0%	$612 15.8%
	Total	$609 17.0%	$898 17.6%	$792 17.5%

*All amounts are medians.

Exhibit A-9
Food Only
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Franchise and Organization

	Amount Per Seat Ratio to Total Sales	Organization		Total
		Single Unit	Multi-Unit	
Franchise	Franchisee	$387 12.2%	$530 8.7%	$481 9.7%
	Independent	$137 4.0%	$217 4.9%	$169 4.7%
	Total	$155 5.0%	$290 6.2%	$197 5.9%

*All amounts are medians.

Summary

The remaining exhibits in this section present income statements by type of restaurant, age of restaurant, location, affiliation, sales volume, region and menu theme. Ranges for each value are presented. As a reminder, 50 percent of the respondents for each item lie between the lower and upper quartiles.

Readers should be careful when analyzing the quartile values. For example, restaurant operations with very high controllable expenses and occupation costs probably will fall into the upper quartile of these costs. However, these same restaurant operations may fall into the lower quartile when income items are analyzed. As a result, each value reported for a particular line item will accurately reflect the upper quartile, median and lower quartile of the restaurants contributing information for that line item. However, using the entire column of upper or lower quartile figures to compare a statement of income and expenses may present the reader with conflicting revenue and expense figures. A restaurant with low expenses may not have corresponding low revenue, and vice versa. Therefore, readers are urged to take this into consideration when analyzing the results presented in this report.

Exhibit A-10
Food Only
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Location and Meals Served

	Amount Per Seat ------------------- Ratio to Total Sales	Meals Served				Total
		Breakfast and Lunch	Lunch and Dinner	Dinner Only	All Meals	
Location	Urban	$226	$626	**	$1,074	$931
		9.0%	20.5%	**	17.4%	17.7%
	Suburban	**	$705	**	$743	$694
		**	18.0%	**	17.6%	17.5%
	Rural	**	$784	$232	$883	$641
		**	15.0%	13.2%	15.1%	14.8%
	Total	$95	$777	$225	$914	$792
		4.3%	18.2%	12.6%	17.3%	17.5%

*All figures are medians.
**Insufficient response.

Exhibit A-11
Food Only
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Location and Meals Served

	Amount Per Seat ------------------- Ratio to Total Sales	Meals Served				Total
		Breakfast and Lunch	Lunch and Dinner	Dinner Only	All Meals	
Location	Urban	$36	$383	**	$197	$214
		1.3%	7.8%	**	4.9%	5.8%
	Suburban	**	$206	**	$182	$187
		**	5.9%	**	4.7%	5.3%
	Rural	**	$162	$35	$264	$162
		**	2.2%	3.2%	6.1%	5.5%
	Total	$36	$271	$35	$196	$197
		1.3%	6.5%	3.2%	5.1%	5.9%

*All amounts are medians.
**Insufficient response.

Exhibit A-12
Food Only
Statement of Income and Expenses—Amount Per Seat

	Type of Restaurant					
	Cafeteria			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,478	$3,062	$4,731	$4,282	$6,385	$8,598
Total Cost of Sales	$ 852	$1,091	$1,509	$1,622	$2,445	$2,445
Gross Profit	$1,415	$2,008	$2,843	$2,557	$3,591	$5,444
Other Income	$ 1	$ 5	$ 62	$ 3	$ 13	$ 24
Total Income	$1,500	$2,008	$2,843	$2,557	$3,591	$5,444
Controllable Expenses						
Payroll	$ 745	$ 900	$1,372	$ 883	$1,321	$1,848
Employee Benefits	67	94	167	52	175	233
Direct Operating Expenses	93	116	181	137	236	352
Music & Entertainment	1	1	3	3	5	38
Advertising & Promotion	17	37	74	107	223	390
Utilities	136	161	214	146	209	286
Administrative & General	65	192	258	92	288	569
Repairs & Maintenance	57	91	130	57	91	194
Total Controllable Expenses	$1,384	$1,649	$2,098	$1,463	$2,590	$3,762
Income Before Occupation Costs	$ 142	$ 322	$ 802	$ 790	$1,118	$1,833
Occupation Costs						
Rent	$ 142	$ 181	$ 320	$ 229	$ 299	$ 605
Property Taxes	3	4	14	26	54	76
Other Taxes	11	28	129	3	35	170
Property Insurance	2	5	17	20	34	70
Income Before Interest & Depreciation	$ (27)	$ 212	$ 443	$ 303	$ 719	$1,231
Interest	$ 6	$ 52	$ 172	$ 40	$ 74	$ 162
Depreciation	$ 28	$ 61	$ 103	$ 115	$ 174	$ 310
Restaurant Profit	$ (93)	$ 159	$ 411	$ 85	$ 444	$ 822

Type of Restaurant					
Full Menu Tableservice			Limited Menu Tableservice		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$2,394	$3,335	$5,314	$3,027	$3,619	$5,512
$ 821	$1,266	$1,778	$1,124	$1,514	$2,310
$1,583	$2,066	$3,522	$1,643	$2,147	$3,533
$ 12	$ 21	$ 40	$ 8	$ 16	$ 32
$1,594	$2,092	$3,522	$1,643	$2,172	$3,800
$ 549	$1,078	$1,466	$ 536	$1,058	$1,485
28	64	209	79	137	197
52	135	291	69	150	208
3	6	35	3	6	8
19	42	77	17	49	109
94	147	230	90	117	208
34	83	177	45	124	259
26	49	94	28	65	111
$ 967	$1,562	$2,463	$1,297	$1,838	$2,365
$ 370	$ 636	$1,145	$ 234	$ 619	$1,194
$ 58	$ 176	$ 482	$ 110	$ 265	$ 393
5	14	33	7	27	51
9	69	134	3	38	303
23	41	60	28	34	41
$ 184	$ 347	$ 606	$ 117	$ 356	$ 916
$ 16	$ 27	$ 106	$ 16	$ 44	$ 99
$ 39	$ 74	$ 109	$ 32	$ 88	$ 202
$ 22	$ 197	$ 508	$ 55	$ 208	$ 533

Exhibit A-13
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Type of Restaurant					
	Cafeteria			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	33.3%	34.6%	40.5%	33.6%	36.7%	39.6%
Gross Profit	59.5%	65.4%	66.7%	60.4%	63.3%	66.4%
Other Income	N	0.1%	2.2%	0.1%	0.2%	0.4%
Total Income	62.7%	65.6%	67.5%	60.4%	63.3%	66.7%
Controllable Expenses						
Payroll	25.6%	30.8%	38.3%	19.0%	22.6%	26.7%
Employee Benefits	2.3	2.9	3.9	0.7	2.1	3.1
Direct Operating Expenses	3.3	3.8	4.8	1.8	3.5	6.2
Music & Entertainment	N	N	0.1	0.1	0.1	0.4
Advertising & Promotion	0.1	0.9	2.1	2.0	3.7	4.9
Utilities	3.7	4.8	5.9	2.7	3.5	4.5
Administrative & General	2.0	6.0	8.6	2.1	4.3	7.0
Repairs & Maintenance	1.8	2.6	4.0	1.1	1.5	2.2
Total Controllable Expenses	45.4%	53.9%	59.1%	37.4%	41.5%	45.7%
Income Before Occupation Costs	4.8%	12.4%	18.2%	16.6%	21.1%	26.8%
Occupation Costs						
Rent	4.7%	5.4%	6.4%	4.1%	5.9%	8.0%
Property Taxes	0.1	0.1	0.2	0.3	0.6	1.1
Other Taxes	0.4	0.9	3.0	0.1	1.4	3.0
Property Insurance	0.1	0.1	0.6	0.3	0.6	1.2
Income Before Interest & Depreciation	(1.0)%	6.8%	11.9%	7.2%	13.3%	20.0%
Interest	0.3%	2.7%	6.6%	0.8%	1.6%	4.0%
Depreciation	0.8%	1.6%	3.9%	1.5%	2.4%	4.2%
Restaurant Profit	3.7%	5.0%	11.1%	1.9%	9.0%	15.3%

N—Negligible.

Type of Restaurant					
Full Menu Tableservice			Limited Menu Tableservice		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
32.0%	36.5%	39.9%	36.5%	41.1%	42.9%
60.1%	63.6%	68.1%	57.1%	58.9%	63.5%
0.2%	0.6%	1.1%	0.3%	0.4%	0.7%
60.8%	63.9%	68.1%	57.3%	58.9%	64.1%
25.6%	28.6%	32.2%	19.4%	26.9%	32.6%
1.1	2.2	3.5	2.5	3.8	3.9
2.4	4.2	7.1	2.1	3.8	6.0
0.1	0.3	0.6	0.1	0.2	0.4
0.9	1.6	2.2	0.8	1.3	2.5
3.3	4.3	5.1	2.5	3.5	4.9
0.9	2.5	4.9	1.1	2.9	5.0
0.9	1.5	2.1	1.0	1.5	2.9
40.3%	45.9%	50.4%	39.1%	43.9%	49.3%
13.4%	19.3%	22.9%	8.5%	17.8%	22.7%
2.8%	5.3%	10.3%	3.7%	4.8%	8.6%
0.2	0.6	0.9	0.3	0.5	1.0
0.3	2.5	3.6	0.1	1.6	5.2
0.9	1.2	1.5	0.6	0.9	1.4
5.0%	10.0%	15.3%	5.9%	9.5%	17.2%
0.6%	1.0%	3.9%	0.5%	1.0%	3.0%
1.4%	2.4%	4.0%	1.3%	2.3%	4.6%
1.1%	5.9%	11.3%	2.1%	6.2%	11.1%

Exhibit A-14
Food Only
Statement of Income and Expenses—Amount Per Seat

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,964	$5,082	$6,885	$2,771	$6,399	$9,315	$2,536	$3,654	$6,546
Total Cost of Sales	$1,105	$1,682	$2,622	$1,186	$2,551	$3,540	$ 913	$1,377	$2,403
Gross Profit	$1,667	$3,093	$4,208	$1,754	$3,917	$5,714	$1,517	$2,239	$4,094
Other Income	$ 9	$ 20	$ 31	$ 1	$ 5	$ 44	$ 6	$ 16	$ 52
Total Income	$1,667	$3,100	$4,219	$1,787	$3,917	$5,714	$1,518	$2,247	$4,094
Controllable Expenses									
Payroll	$ 609	$1,316	$1,787	$ 851	$1,266	$2,223	$ 739	$1,084	$1,819
Employee Benefits	23	105	194	59	92	182	43	76	187
Direct Operating Expenses	113	217	315	126	222	283	81	135	263
Music & Entertainment	4	12	40	2	4	5	2	3	7
Advertising & Promotion	9	50	169	2	62	221	13	37	95
Utilities	122	206	251	136	193	267	119	155	236
Administrative & General	85	207	569	119	273	834	43	149	286
Repairs & Maintenance	32	68	150	81	121	197	36	74	130
Total Controllable Expenses	$1,154	$2,286	$3,245	$1,465	$2,246	$4,103	$1,188	$1,774	$2,958
Income Before Occupation Costs	$ 258	$ 895	$1,233	$ 431	$1,037	$1,752	$ 264	$ 633	$1,170
Occupation Costs									
Rent	$ 218	$ 412	$ 612	$ 186	$ 270	$ 416	$ 89	$ 167	$ 381
Property Taxes	14	29	65	5	28	69	4	12	30
Other Taxes	19	87	196	15	173	454	8	48	201
Property Insurance	15	25	46	19	25	35	18	30	51
Income Before Interest & Depreciation	$ 69	$ 282	$ 630	$ 224	$ 500	$ 931	$ 139	$ 316	$ 744
Interest	$ 28	$ 62	$ 161	$ 43	$ 100	$ 138	$ 16	$ 37	$ 108
Depreciation	$ 71	$ 146	$ 307	$ 78	$ 144	$ 215	$ 30	$ 76	$ 139
Restaurant Profit	$ (141)	$ 148	$ 516	$ 101	$ 323	$ 710	$ 43	$ 198	$ 528

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$2,974	$5,271	$7,848	$2,566	$3,714	$5,654	$2,008	$3,429	$7,175
$1,176	$1,803	$2,990	$ 903	$1,364	$2,138	$ 821	$1,377	$2,640
$1,756	$3,384	$4,779	$1,634	$2,420	$3,687	$1,142	$2,029	$4,486
$ 12	$ 16	$ 34	$ 1	$ 14	$ 35	$ 6	$ 16	$ 56
$1,822	$3,434	$4,779	$1,638	$2,423	$3,825	$1,173	$2,029	$4,486
$ 917	$1,299	$2,116	$ 736	$1,061	$1,654	$ 556	$1,016	$2,125
38	67	138	63	105	193	30	65	221
97	211	282	99	137	280	70	132	242
2	4	9	2	3	9	2	6	27
1	17	73	21	62	148	21	66	145
131	199	254	131	160	233	87	185	247
91	233	752	59	183	286	36	71	217
48	94	183	50	83	138	30	53	92
$1,492	$2,177	$3,453	$1,344	$1,767	$2,932	$ 914	$1,572	$3,170
$ 403	$ 931	$1,452	$ 250	$ 694	$1,[illegible]04	$ 228	$ 641	$1,332
$ 130	$ 269	$ 440	$ 135	$ 220	$ 451	$ 57	$ 242	$ 629
9	18	55	4	12	42	6	24	38
12	140	436	7	27	136	15	74	159
17	25	40	5	25	41	26	43	76
$ 178	$ 407	$ 835	$ 123	$ 371	$ 661	$ 95	$ 411	$ 736
$ 16	$ 62	$ 107	$ 22	$ 64	$ 141	$ 21	$ 43	$ 166
$ 58	$ 116	$ 222	$ 42	$ 77	$ 143	$ 48	$ 106	$ 175
$ 11	$ 214	$ 642	$ 24	$ 187	$ 518	$ (4)	$ 162	$ 550

Exhibit A-15
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	34.4%	37.9%	40.9%	35.2%	37.9%	39.3%	32.6%	36.9%	41.1%
Gross Profit	59.1%	62.1%	65.6%	60.7%	62.1%	64.8%	58.9%	63.1%	67.5%
Other Income	0.1%	0.4%	0.7%	N	0.3%	7.7%	0.1%	0.5%	1.1%
Total Income	59.3%	62.4%	66.6%	60.8%	62.6%	65.0%	59.2%	63.3%	67.6%
Controllable Expenses									
Payroll	21.3%	26.5%	30.8%	21.0%	25.4%	29.2%	24.2%	28.2%	32.2%
Employee Benefits	0.5	1.2	3.0	0.8	2.2	3.3	1.2	2.7	3.5
Direct Operating Expenses	2.9	3.7	6.0	2.6	3.2	4.0	2.7	3.8	5.4
Music & Entertainment	0.1	0.3	1.0	N	0.1	0.2	N	0.1	0.4
Advertising & Promotion	0.3	1.3	3.6	0.3	2.2	3.8	0.5	1.3	2.4
Utilities	2.8	3.8	4.6	2.8	3.2	4.2	3.2	4.1	5.0
Administrative & General	2.9	5.9	10.2	2.5	6.2	10.1	1.1	3.1	8.4
Repairs & Maintenance	0.9	1.6	2.3	1.6	2.1	3.0	1.2	1.6	2.5
Total Controllable Expenses	42.7%	46.3%	50.9%	39.8%	44.4%	48.2%	40.2%	45.6%	52.5%
Income Before Occupation Costs	13.2%	17.8%	22.6%	11.9%	17.1%	21.7%	10.9%	16.7%	22.7%
Occupation Costs									
Rent	5.8%	7.1%	10.2%	2.9%	4.9%	5.5%	3.1%	4.9%	6.0%
Property Taxes	0.3	0.6	1.2	0.2	0.4	0.9	0.2	0.5	0.8
Other Taxes	0.6	2.8	5.1	0.5	3.1	5.5	0.2	1.3	3.7
Property Insurance	0.3	0.5	1.0	0.3	0.3	0.8	0.3	0.9	1.4
Income Before Interest & Depreciation	1.8%	7.6%	13.0%	5.1%	9.7%	14.2%	4.1%	8.9%	16.4%
Interest	0.6%	1.3%	3.7%	0.9%	1.6%	3.3%	0.4%	1.1%	3.8%
Depreciation	1.9%	3.5%	5.3%	1.5%	2.2%	3.1%	0.8%	2.1%	3.7%
Restaurant Profit	(3.4)%	3.0%	9.6%	1.5%	5.7%	11.5%	2.2%	6.0%	11.5%

N—Negligible

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
33.9%	38.0%	40.2%	33.1%	35.2%	40.7%	36.3%	38.2%	43.0%
59.8%	62.0%	66.1%	59.3%	64.8%	66.9%	57.0%	61.8%	63.7%
0.2%	0.5%	0.8%	N	N	0.9%	0.2%	0.4%	1.1%
59.8%	62.4%	66.6%	60.2%	65.1%	67.5%	57.4%	62.0%	63.9%
24.1%	26.8%	30.8%	21.9%	27.7%	32.2%	23.8%	27.1%	31.3%
0.7	1.2	3.5	1.7	2.6	3.3	1.1	2.7	3.8
2.8	3.3	4.5	2.7	3.8	6.5	2.5	3.7	6.2
N	0.1	0.3	N	0.1	0.3	0.2	0.3	0.5
0.1	0.7	2.3	0.9	1.8	3.0	0.8	1.7	3.6
2.8	3.5	4.5	3.1	4.1	5.2	3.2	4.1	5.7
2.4	6.5	10.2	2.0	4.9	8.6	1.0	1.9	5.4
1.2	1.8	2.3	1.3	1.9	3.0	1.0	1.6	2.1
40.9%	45.2%	49.3%	40.6%	47.6%	55.0%	39.7%	44.4%	51.6%
13.1%	17.7%	22.7%	10.8%	17.5%	22.7%	10.0%	14.8%	21.0%
3.6%	5.0%	6.3%	4.4%	5.5%	7.6%	2.7%	3.7%	9.9%
0.2	0.6	0.9	0.1	0.3	0.7	0.3	0.5	1.2
0.3	3.3	5.4	0.1	0.8	3.0	0.6	2.3	3.6
0.3	0.5	1.0	0.2	0.6	1.1	0.8	1.4	1.8
4.0%	9.1%	14.3%	4.0%	9.7%	15.4%	4.8%	7.8%	14.3%
0.6%	1.2%	3.6%	0.6%	1.1%	3.7%	0.7%	1.7%	4.3%
1.4%	2.1%	4.1%	1.1%	2.2%	3.3%	1.5%	3.2%	5.0%
0.4%	5.8%	11.5%	1.2%	5.3%	11.8%	(0.1)%	5.5%	9.3%

Exhibit A-16
Food Only
Statement of Income and Expenses—Amount Per Seat

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,073	$3,091	$5,340	$2,758	$4,875	$7,507	$4,796	$6,239	$8,519
Total Cost of Sales	$ 833	$1,247	$2,018	$1,009	$1,678	$2,783	$1,621	$2,191	$2,931
Gross Profit	$1,162	$1,807	$3,132	$1,749	$3,205	$4,779	$3,033	$4,077	$5,455
Other Income	$ 11	$ 20	$ 50	$ 1	$ 2	$ 57	$ 14	$ 23	$ 26
Total Income	$1,200	$1,807	$3,132	$1,800	$3,211	$4,779	$3,054	$4,077	$5,455
Controllable Expenses									
Payroll	$ 534	$ 917	$1,400	$ 831	$1,300	$2,087	$1,189	$1,369	$1,734
Employee Benefits	31	64	155	54	92	170	38	144	244
Direct Operating Expenses	50	116	244	106	188	265	208	280	363
Music & Entertainment	2	4	9	1	3	5	9	35	116
Advertising & Promotion	13	41	70	1	18	75	110	256	469
Utilities	93	122	214	149	187	248	210	238	270
Administrative & General	34	69	183	137	267	700	93	187	578
Repairs & Maintenance	26	50	89	67	107	183	74	116	214
Total Controllable Expenses	$ 908	$1,368	$2,206	$1,528	$2,242	$3,486	$2,072	$2,734	$3,545
Income Before Occupation Costs	$ 271	$ 468	$ 979	$ 226	$ 798	$1,349	$ 908	$1,210	$1,795
Occupation Costs									
Rent	$ 57	$ 157	$ 257	$ 155	$ 297	$ 454	$ 285	$ 447	$ 636
Property Taxes	7	15	33	4	9	36	18	47	82
Other Taxes	8	57	129	11	128	427	11	92	159
Property Insurance	21	34	58	5	19	27	33	50	68
Income Before Interest & Depreciation	$ 123	$ 250	$ 534	$ 82	$ 349	$ 716	$ 282	$ 736	$ 977
Interest	$ 13	$ 41	$ 97	$ 18	$ 89	$ 150	$ 22	$ 48	$ 89
Depreciation	$ 35	$ 70	$ 141	$ 49	$ 101	$ 177	$ 109	$ 192	$ 323
Restaurant Profit	$ 28	$ 138	$ 353	$ (27)	$ 217	$ 553	$ 95	$ 530	$ 620

Sales Volume ($000)								
Under $450			$450 to $899			$900 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$1,930	$2,941	$4,808	$3,040	$4,632	$6,714	$4,176	$7,172	$9,220
$ 736	$1,220	$1,782	$1,104	$1,631	$2,585	$1,449	$2,641	$3,439
$1,213	$1,746	$2,949	$1,918	$2,971	$4,394	$2,780	$4,411	$5,678
$ 2	$ 13	$ 20	$ 1	$ 17	$ 39	$ 10	$ 27	$ 146
$1,223	$1,764	$2,949	$1,941	$2,977	$4,403	$2,783	$4,493	$5,678
$ 521	$ 838	$1,232	$ 815	$1,185	$1,767	$1,160	$1,912	$2,365
22	52	94	57	109	200	68	117	210
51	120	221	112	208	308	138	229	283
2	4	8	3	9	40	1	3	5
15	54	113	20	65	167	1	21	92
100	141	194	133	172	240	172	229	268
40	84	176	94	240	567	144	316	823
27	55	90	43	82	118	83	152	216
$ 882	$1,391	$1,982	$1,459	$2,226	$3,411	$1,997	$3,105	$4,038
$ 182	$ 468	$ 960	$ 345	$ 761	$1,228	$ 688	$1,186	$1,808
$ 69	$ 144	$ 281	$ 155	$ 256	$ 452	$ 202	$ 401	$ 524
7	15	41	4	14	47	6	26	70
8	56	144	8	73	211	23	205	454
15	31	53	11	29	50	19	24	35
$ 89	$ 262	$ 588	$ 113	$ 261	$ 643	$ 378	$ 564	$ 988
$ 16	$ 62	$ 150	$ 18	$ 40	$ 98	$ 26	$ 75	$ 162
$ 47	$ 101	$ 154	$ 32	$ 81	$ 191	$ 65	$ 134	$ 229
$ (50)	$ 143	$ 439	$ 26	$ 172	$ 428	$ 92	$ 448	$ 754

Exhibit A-17
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	36.7%	40.8%	43.6%	34.3%	37.0%	39.0%	30.9%	33.7%	36.8%
Gross Profit	56.4%	59.2%	63.3%	61.0%	63.0%	65.7%	63.2%	66.3%	69.1%
Other Income	0.2%	0.6%	1.3%	N	0.2%	1.0%	0.3%	0.4%	0.6%
Total Income	56.6%	59.5%	63.9%	61.2%	63.2%	66.2%	63.2%	66.3%	69.4%
Controllable Expenses									
Payroll	23.6%	28.7%	33.7%	24.7%	27.7%	32.2%	20.0%	24.3%	26.6%
Employee Benefits	1.2	2.2	3.5	0.9	2.1	3.3	0.6	2.1	3.5
Direct Operating Expenses	1.9	3.8	6.5	3.0	3.4	4.4	2.3	3.7	6.8
Music & Entertainment	0.1	0.3	0.5	N	0.1	0.1	0.1	0.3	1.1
Advertising & Promotion	0.6	1.1	2.2	0.1	0.7	2.2	2.5	3.7	5.4
Utilities	3.2	4.0	5.1	2.8	3.8	4.8	2.8	3.6	4.5
Administrative & General	1.0	2.6	4.8	5.0	8.4	10.2	2.3	4.0	9.3
Repairs & Maintenance	0.9	1.4	2.2	1.5	2.2	3.0	1.2	1.5	2.2
Total Controllable Expenses	38.2%	44.7%	51.1%	43.4%	47.4%	55.4%	39.6%	44.4%	48.0%
Income Before Occupation Costs	10.6%	15.7%	22.5%	8.4%	16.0%	19.6%	19.5%	22.8%	26.5%
Occupation Costs									
Rent	2.7%	4.1%	6.4%	4.7%	5.5%	6.4%	3.8%	5.9%	8.3%
Property Taxes	0.3	0.6	0.9	0.1	0.2	0.7	0.3	0.5	0.9
Other Taxes	0.4	2.6	3.8	0.3	3.3	5.4	0.2	1.8	2.8
Property Insurance	0.8	1.2	1.6	0.2	0.3	0.6	0.5	0.7	1.2
Income Before Interest & Depreciation	5.1%	7.6%	15.4%	2.1%	6.8%	11.2%	9.0%	12.9%	19.2%
Interest	0.5%	1.1%	3.9%	0.7%	1.6%	2.2%	0.4%	0.8%	3.7%
Depreciation	1.4%	2.8%	4.5%	1.3%	2.0%	3.1%	1.5%	2.4%	3.7%
Restaurant Profit	1.3%	4.2%	8.9%	(1.5)%	4.9%	9.7%	3.1%	8.7%	15.0%

N — Negligible.

Sales Volume ($000)								
Under $450			$450 to $899			$900 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
33.7%	39.1%	43.3%	33.7%	36.1%	38.7%	33.1%	37.3%	39.2%
56.8%	60.9%	66.3%	61.3%	64.0%	66.3%	60.8%	62.7%	66.9%
0.1%	0.4%	0.6%	N	0.4%	0.7%	0.2%	0.6%	2.8%
56.8%	61.5%	66.3%	61.8%	64.0%	66.3%	61.0%	63.2$	67.9%
21.5%	27.3%	33.0%	22.6%	27.3%	30.3%	23.9%	26.5%	30.8%
0.8	1.7	3.5	0.8	2.5	3.3	0.9	2.2	3.5
2.3	3.5	5.6	3.1	4.2	6.4	2.9	3.3	3.9
0.1	0.2	0.4	0.1	0.1	0.6	N	N	0.1
0.7	1.8	2.8	0.8	1.7	4.0	0.1	0.5	2.2
3.3	4.1	5.4	2.9	3.7	4.8	2.8	3.2	4.3
1.3	2.9	7.1	2.2	5.7	9.3	2.7	7.0	10.2
1.0	1.5	2.7	1.0	1.8	2.5	1.5	2.0	2.4
37.8%	44.8%	51.1%	42.0%	46.3%	51.9%	42.1%	45.2%	51.2%
8.6%	16.9%	24.4%	11.4%	17.1%	22.2%	15.0%	17.7%	20.9%
3.5%	5.0%	7.0%	3.4%	5.5%	8.0%	4.0%	5.2%	7.1%
0.2	0.6	1.0	0.1	0.3	0.7	0.1	0.5	0.8
0.2	2.1	3.8	0.2	2.5	3.7	0.4	4.0	5.5
0.5	1.1	1.5	0.3	0.6	1.1	0.3	0.3	0.8
4.8%	11.6%	17.5%	3.5%	7.1%	13.7%	5.2%	9.2%	12.0%
0.7%	1.7%	4.2%	0.6%	0.9%	1.8%	0.5%	1.5%	2.4%
1.6%	3.1%	5.0%	1.0%	2.1%	3.7%	1.2%	1.9%	2.8%
(1.0)%	5.0%	13.4%	1.0%	4.8%	10.2%	1.9%	6.6%	10.4%

Exhibit A-18
Food Only
Statement of Income and Expenses—Amount Per Seat

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,872	$3,654	$5,547	$2,398	$3,412	$5,315
Total Cost of Sales	$1,130	$1,623	$2,079	$ 843	$1,215	$1,820
Gross Profit	$1,655	$2,104	$3,552	$1,557	$2,138	$3,522
Other Income	$ 7	$ 19	$ 45	$ 1	$ 11	$ 41
Total Income	$1,655	$2,104	$3,552	$1,561	$2,162	$3,522
Controllable Expenses						
Payroll	$ 698	$1,144	$1,357	$ 639	$ 900	$1,530
Employee Benefits	34	66	207	49	78	130
Direct Operating Expenses	81	156	295	82	124	246
Music & Entertainment	3	4	4	2	3	9
Advertising & Promotion	9	43	189	22	65	110
Utilities	142	173	235	109	150	200
Administrative & General	41	135	420	61	158	278
Repairs & Maintenance	34	82	103	33	78	107
Total Controllable Expenses	$1,179	$1,659	$2,590	$1,180	$1,640	$2,557
Income Before Occupation Costs	$ 183	$ 656	$1,166	$ 225	$ 580	$1,049
Occupation Costs						
Rent	$ 101	$ 224	$ 374	$ 103	$ 173	$ 312
Property Taxes	11	28	69	4	24	40
Other Taxes	5	23	110	5	29	136
Property Insurance	29	45	59	5	27	41
Income Before Interest & Depreciation	$ (622)	$ 302	$ 460	$ 113	$ 301	$ 684
Interest	$ 4	$ 42	$ 138	$ 26	$ 75	$ 171
Depreciation	$ 21	$ 108	$ 147	$ 43	$ 73	$ 144
Restaurant Profit	$ 55	$ 143	$ 564	$ 12	$ 196	$ 517

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$2,557	$3,619	$5,448	$3,404	$6,587	$8,634
$1,009	$1,376	$2,547	$1,371	$2,419	$3,336
$1,395	$2,092	$3,781	$2,041	$4,158	$5,455
$ 11	$ 19	$ 57	$ 6	$ 20	$ 34
$1,420	$2,109	$3,819	$2,041	$4,158	$5,457
$ 759	$1,100	$1,504	$1,024	$1,704	$2,126
41	121	247	41	78	175
112	181	285	105	244	284
2	5	29	1	5	9
15	43	95	1	20	120
69	164	235	151	223	266
41	141	262	95	269	783
30	59	107	58	143	202
$1,151	$1,757	$2,608	$1,703	$2,903	$3,755
$ 217	$ 619	$1,080	$ 465	$1,106	$1,772
$ 122	$ 287	$ 622	$ 188	$ 374	$ 502
5	12	29	10	16	54
17	59	136	27	229	449
14	33	50	19	25	38
$ 37	$ 260	$ 554	$ 219	$ 477	$ 916
$ 14	$ 26	$ 107	$ 24	$ 81	$ 141
$ 50	$ 87	$ 151	$ 80	$ 154	$ 264
$ (20)	$ 157	$ 505	$ 30	$ 299	$ 590

Exhibit A-19
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	32.9%	37.9%	43.0%	33.4%	36.5%	40.0%
Gross Profit	57.0%	62.1%	67.1%	60.0%	63.5%	66.6%
Other Income	N	0.5%	0.6%	N	0.2%	1.2%
Total Income	57.6%	62.3%	67.1%	60.0%	64.0%	66.6%
Controllable Expenses						
Payroll	20.7%	25.0%	31.6%	23.9%	28.7%	31.5%
Employee Benefits	0.6	1.2	3.5	1.3	2.5	3.2
Direct Operating Expenses	2.6	4.2	6.4	2.9	3.9	5.6
Music & Entertainment	0.1	0.1	0.1	0.1	0.1	0.5
Advertising & Promotion	0.3	1.9	4.2	1.0	1.8	2.9
Utilities	3.1	4.3	5.1	3.3	4.3	5.4
Administrative & General	1.8	4.2	5.5	1.8	4.3	8.5
Repairs & Maintenance	1.0	1.5	2.7	1.1	1.6	2.7
Total Controllable Expenses	39.1%	42.1%	47.5%	40.2%	46.7%	54.8%
Income Before Occupation Costs	10.9%	21.9%	26.3%	9.3%	16.2%	21.9%
Occupation Costs						
Rent	2.8%	4.1%	8.0%	3.2%	5.0%	6.9%
Property Taxes	0.3	0.7	1.5	0.1	0.4	0.9
Other Taxes	0.2	2.7	3.8	0.2	1.1	3.5
Property Insurance	0.5	1.1	1.6	0.2	0.8	1.3
Income Before Interest & Depreciation	5.9%	15.1%	18.7%	3.8%	8.9%	15.4%
Interest	0.4%	2.1%	4.0%	1.0%	1.7%	4.6%
Depreciation	0.7%	2.2%	3.6%	1.0%	2.2%	4.0%
Restaurant Profit	2.4%	8.0%	15.8%	0.3%	5.3%	11.8%

N—Negligible.

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
33.8%	37.3%	42.4%	34.0%	37.6%	39.8%
57.6%	62.7%	66.2%	60.2%	62.4%	66.0%
0.3%	0.5%	1.4%	0.1%	0.4%	0.7%
58.8%	63.3%	66.6%	60.2%	62.5%	66.7%
23.9%	27.6%	32.3%	23.6%	26.4%	30.6%
1.8	3.2	4.0	0.7	1.2	3.3
3.0	4.6	7.4	2.5	3.1	4.0
0.1	0.2	0.8	N	0.1	0.2
0.6	1.3	2.6	0.1	0.9	2.6
3.2	4.5	4.9	2.8	3.2	4.0
1.2	4.8	6.2	2.2	8.0	10.2
1.1	1.7	2.3	1.3	2.0	2.5
40.7%	45.8%	53.1%	41.8%	44.9%	48.0%
8.5%	16.5%	23.8%	14.2%	17.7%	21.7%
3.8%	5.9%	11.6%	4.1%	5.2%	6.3%
0.2	0.5	0.7	0.2	0.5	0.8
1.1	2.5	3.2	0.3	4.0	5.4
0.3	0.9	1.3	0.3	0.3	0.7
2.6%	6.9%	14.3%	4.7%	9.2%	13.7%
0.3%	0.6%	1.6%	0.8%	1.4%	3.8%
1.4%	2.4%	4.9%	1.5%	2.3%	4.1%
(0.6)%	4.9%	11.3%	0.8%	5.9%	9.2%

Exhibit A-20
Food Only
Statement of Income and Expenses—Amount Per Seat

	Menu Theme								
	American			Sandwiches/Hamburgers			All Others*		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,650	$3,793	$7,175	$3,966	$6,561	$8,633	$2,317	$3,969	$7,735
Total Cost of Sales	$ 939	$1,535	$2,674	$1,496	$2,445	$3,402	$ 918	$1,430	$2,864
Gross Profit	$1,637	$2,488	$4,480	$2,390	$4,125	$5,341	$1,475	$2,539	$4,908
Other Income	$ 1	$ 13	$ 42	$ 12	$ 14	$ 23	$ 6	$ 25	$ 41
Total Income	$1,655	$2,506	$4,524	$2,393	$4,125	$5,347	$1,479	$2,539	$4,927
Controllable Expenses									
Payroll	$ 813	$1,157	$1,991	$1,090	$1,439	$2,060	$ 638	$ 934	$1,630
Employee Benefits	46	76	139	33	133	191	37	130	243
Direct Operating Expenses	97	150	264	98	226	289	82	189	300
Music & Entertainment	1	3	5	4	9	99	2	4	8
Advertising & Promotion	5	25	75	42	145	526	36	88	329
Utilities	133	172	249	121	209	278	116	170	252
Administrative & General	60	215	590	102	249	676	46	160	247
Repairs & Maintenance	56	92	166	38	99	213	28	78	142
Total Controllable Expenses	$1,374	$1,982	$3,416	$1,535	$2,567	$3,698	$1,044	$1,834	$3,076
Income Before Occupation Costs	$ 245	$ 633	$1,213	$ 623	$ 985	$1,659	$ 296	$ 793	$1,185
Occupation Costs									
Rent	$ 130	$ 211	$ 420	$ 250	$ 480	$ 701	$ 64	$ 241	$ 323
Property Taxes	4	10	30	35	59	74	7	27	51
Other Taxes	8	69	406	24	146	223	17	67	155
Property Insurance	8	22	41	17	33	70	25	35	46
Income Before Interest & Depreciation	$ 113	$ 262	$ 661	$ 277	$ 685	$1,220	$ 140	$ 510	$ 841
Interest	$ 18	$ 75	$ 141	$ 44	$ 76	$ 221	$ 14	$ 39	$ 68
Depreciation	$ 51	$ 99	$ 172	$ 115	$ 212	$ 325	$ 50	$ 125	$ 219
Restaurant Profit	$ (21)	$ 170	$ 490	$ 104	$ 519	$ 974	$ 43	$ 264	$ 525

*Includes seafood, steak and seafood, salad bars and specialty sandwiches.

Exhibit A-21
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Menu Theme								
	American			Sandwiches/Hamburgers			All Other*		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	34.3%	37.6%	40.2%	33.7%	37.1%	40.0%	34.7%	37.9%	42.5%
Gross Profit	59.8%	62.4%	65.7%	60.0%	62.9%	66.3%	57.5%	62.1%	65.3%
Other Income	0.1%	0.4%	1.1%	0.1%	0.3%	0.7%	0.1%	0.4%	0.7%
Total Income	60.1%	62.5%	66.1%	60.0%	62.9%	66.3%	58.0%	62.4%	65.3%
Controllable Expenses									
Payroll	24.5%	28.9%	32.3%	18.5%	21.9%	27.5%	19.4%	25.1%	29.6%
Employee Benefits	0.8	1.9	3.3	0.5	1.6	2.5	1.3	3.0	3.9
Direct Operating Expenses	2.9	3.3	4.4	1.7	3.5	4.9	2.7	4.2	6.5
Music & Entertainment	N	0.1	0.2	0.1	0.1	0.6	0.1	0.1	0.4
Advertising & Promotion	0.3	1.0	2.2	1.3	3.7	6.0	0.9	2.5	3.8
Utilities	3.0	4.0	5.0	3.1	3.8	4.1	2.8	3.5	4.9
Administrative & General	1.9	7.0	10.2	1.8	4.3	9.1	1.4	3.4	5.4
Repairs & Maintenance	1.4	2.0	2.8	1.0	1.6	2.4	1.0	1.6	2.8
Total Controllable Expenses	43.4%	46.9%	52.5%	37.8%	40.9%	44.8%	35.9%	42.6%	49.7%
Income Before Occupation Costs	9.9%	15.6%	19.6%	16.5%	21.3%	26.7%	12.1%	20.7%	26.3%
Occupation Costs									
Rent	4.0%	5.2%	6.4%	4.2%	6.9%	8.0%	2.4%	4.4%	7.0%
Property Taxes	0.1	0.4	0.7	0.5	0.8	1.1	0.3	0.5	1.4
Other Taxes	0.4	2.8	5.1	0.4	2.6	3.1	0.4	2.6	3.7
Property Insurance	0.3	0.3	1.0	0.4	0.5	0.8	0.6	1.0	1.4
Income Before Interest & Depreciation	3.0%	7.2%	11.8%	7.6%	13.1%	20.0%	6.2%	11.5%	17.6%
Interest	0.6%	1.5%	3.3%	0.7%	1.1%	4.0%	0.3%	0.9%	2.8%
Depreciation	1.3%	2.2%	3.7%	1.8%	2.8%	4.5%	1.5%	2.6%	4.9%
Restaurant Profit	(0.9)%	4.2%	8.6%	4.3%	8.2%	15.3%	1.5%	6.8%	14.6%

N—Negligible.
*Includes seafood, steak and seafood, salad bars and specialty sandwiches.

Section B—Food and Beverage Restaurants

The restaurant industry dollar presented in Chart 2 illustrates the source and distribution of the restaurant dollar for 1981 and 1982 for foodservice operations serving alcoholic beverages. The proportion of income from beverage sales dropped nearly 6 percent compared with 1981, from 27.1 percent to 25.5 percent. Food sales picked up half a percentage point, while the remainder is attributable to miscellaneous income.

Of the foodservice dollar, 28.6 cents was allocated to food costs for this year's survey participants, an increase of 1.8 cents over 1981.

Profile of participants

The composition of the 600 participants in this year's report are presented in Exhibit B-1 (page 40) and the highlights and characteristics that follow. These summary tables have been compiled using appropriate measures of central tendency, arithmetic mean, median or mode.

Highlights

- Food sales were $2,882 per seat while beverage sales accounted for $900 per seat.
- Food and beverage costs absorbed $1,421 per seat.
- The median check was $8.17 and the average daily seat turnover was 1.23.
- Net income before income taxes was 3.5 percent in 1982.
- Total sales per full-time equivalent employee were $26,471, with a productivity index of 3.27.

Characteristics

- More than five years old.
- Operated a single, nonaffiliated full menu tableservice restaurant.
- Part of a privately owned corporation.
- Had an average of 257 seats, ranging from 30 to 1,730.
- Occupied 5,525 square feet of space in a detached building.

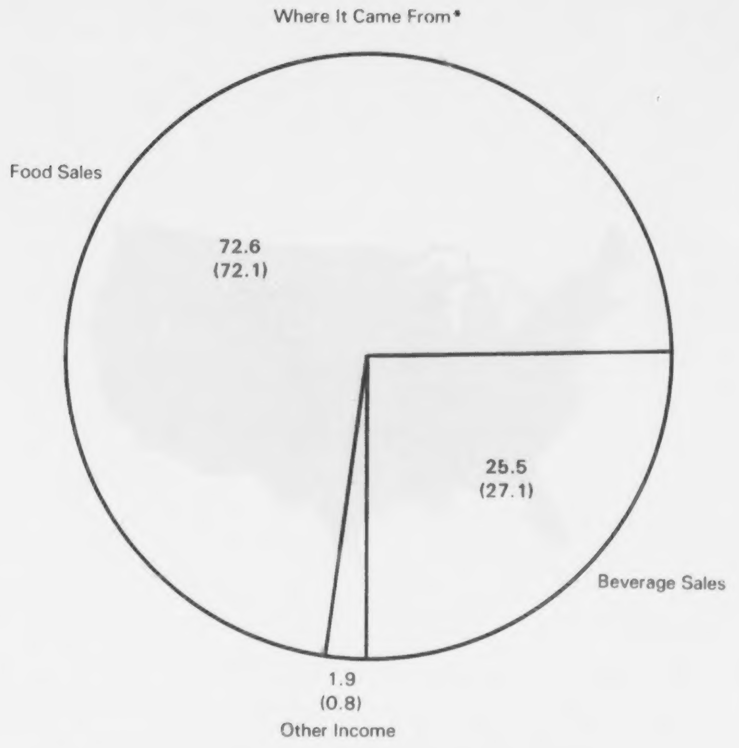
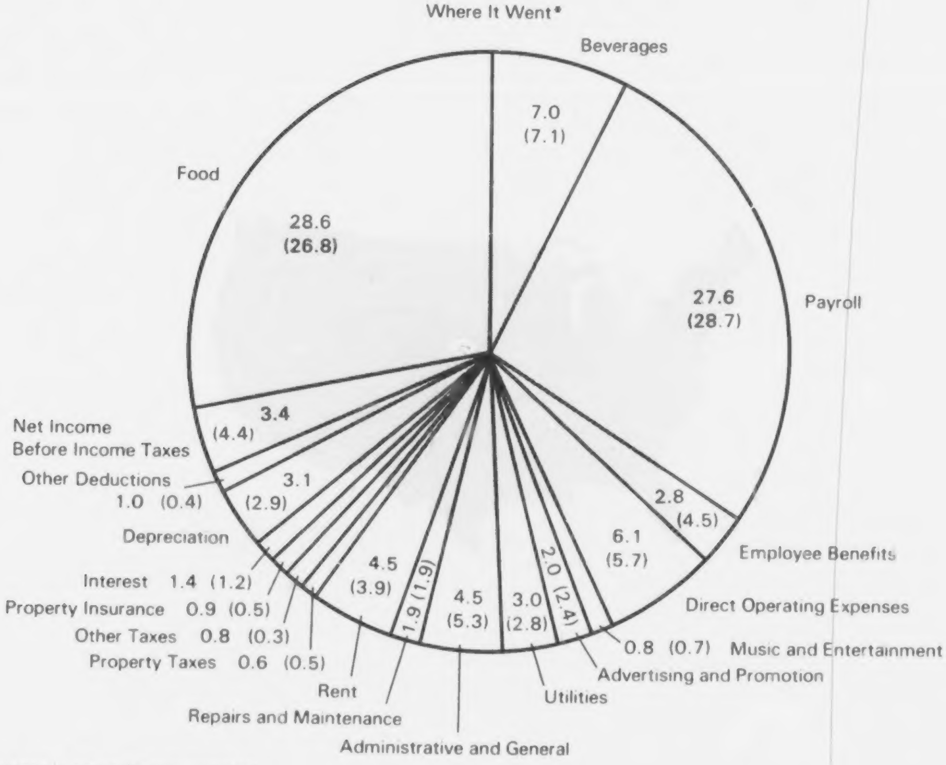


Chart 2: The Restaurant Industry Dollar Food and Beverage Restaurants



* 1981 percentages in parentheses; restated.

Exhibit B-1
A Profile of Participating Food and Beverage Restaurants

Years in Business:	**Percentage of Respondents**
Under 5 Years	25.7%
5 to 10 Years	29.8
Over 10 Years	44.5
Type of Restaurant:	
Full Menu—Tableservice	74.2%
Limited Menu—Tableservice	14.9
All Others	10.9
Region:	
Northeast	17.3%
North Central	28.1
South	19.3
West	35.3
Location:	
Urban	44.6%
Suburban	38.8
Rural	16.6
Affiliation:	
Single Unit—Independent	62.0%
Multi-Unit—Company Operated	35.8
Multi-Unit—Franchisee Operated	2.2
Meals Served:	
Breakfast and Lunch Only	1.9%
Lunch and Dinner Only	64.3
Dinner Only	8.4
All Meals	25.4
Sales Volume:	
Under $750,000	47.5%
$750,000 to $1,499,999	32.0
$1,500,000 and Over	20.5

Profit Versus Loss:	**Percentage of Respondents**
Net Profit	76.2%
Net Loss	23.8
Separate/Detached Building:	
Yes	61.5%
No	38.5
Lease Versus Own:	
Own Land and Building	46.3%
Lease Land and Building	51.0
Lease Land and Own Building	2.7
Competition:	
Intense	41.1%
Average	46.3
Mild	12.6
Ownership:	
Sole Proprietorship	13.7%
Partnership	5.8
Public Corporation	16.0
Private Corporation	64.5
Menu Theme:	
Steak/Seafood	29.9%
American	26.1
European/Continental*	21.7
All Others**	22.3

*Includes Italian, French and German.

**Includes chicken, Oriental, salad bars, specialty sandwiches, pizza, hamburgers and regional.

Average check

The median average check for those serving food and alcoholic beverages was $8.17, 7.1 percent higher than in 1981. Half of all respondents reported an average check between $5.19 and $12.14.

Noticeably high median average checks were reported by restaurant operations over 10 years old, those that serve dinner only, those that serve steak/seafood and European/Continental cuisine, and those that are located in the Northeast, as Exhibit B-2 shows.

Exhibit B-2
Food and Beverage
Average Check

	Lower Quartile	Median	Upper Quartile
Age			
Under 5 Years	$ 4.53	$ 7.74	$10.87
5 to 10 Years	5.07	7.12	10.09
Over 10 Years	5.77	9.24	13.63
Location			
Urban	$ 4.62	$ 7.93	$11.34
Suburban	5.32	8.24	12.58
Rural	5.12	8.88	12.62
Meals Served			
Breakfast & Lunch Only	$ 2.97	$ 3.75	$ 9.06
Lunch & Dinner Only	5.77	8.41	12.49
Dinner Only	10.11	12.70	17.00
All Meals	3.93	5.64	9.43
Menu Theme			
Steak/Seafood	$ 6.82	$ 9.20	$13.67
American	4.37	7.73	12.12
European/Continental	6.00	9.70	15.24
All Others	3.50	6.24	8.19
Region			
Northeast	$ 5.45	$ 9.44	$12.87
North Central	5.13	7.61	10.68
South	5.18	8.59	14.22
West	4.98	8.16	11.62
All Establishments	$ 5.19	$ 8.17	$12.14

Net income

Exhibit B-3 (page 42) depicts the differences between operations that earned a net profit during 1982 and those that suffered a net loss. Total sales per seat for profitable operations were $4,561, while the total for losing operations was $2,834, slightly higher than in 1981. Cost of sales declined 16 percent for profitable operations compared with 1981, while costs rose 12.5 percent for losing operations. For profitable operations, those that provided detailed cost of sales information had lower cost components in 1982, at $1,298 per seat for food costs and $279 per seat for beverage cost. In contrast, food and beverage costs increased in operations that lost money during 1982. Losing operations incurred greater expenses in music and entertainment, property taxes, interest and depreciation than did their counterparts.

When analyzing ratios to total sales, unprofitable operations spent more on all controllable expenses, occupation costs, interest and depreciation, with the exception of other taxes. These financially unsuccessful operations spent a median amount of 56.3 percent of sales on controllable expenses, almost 10 percentage points higher than their more successful foodservice competitors.

Average checks and productivity for both groups increased over 1981 results, while daily seat turnover declined. The median average check was $8.18 for the profitable operations, while $6.84 was the reported median for the loss group. The net income group reported an average daily seat turnover of 1.42 and a productivity index of 3.35. The operations that reported negative earnings during 1982 reported a median average daily seat turnover of 1.01 and a productivity index of 2.93.

Exhibit B-3
Food and Beverage
Net Income Differential

	Amount Per Seat					
	Net Income			Net Loss		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	$2,214	$3,344	$4,733	$1,384	$2,165	$3,111
Beverage	567	1,013	1,783	446	723	1,166
Total Sales	$2,948	$4,561	$6,335	$1,882	$2,834	$3,846
Cost of Sales						
Food	$ 842	$1,298	$1,862	$ 491	$ 816	$1,208
Beverage	165	279	446	134	211	359
Total Cost of Sales	$1,065	$1,621	$2,336	$ 708	$1,011	$1,528
Gross Profit	$1,855	$2,871	$4,036	$1,187	$1,855	$2,444
Other Income	$ 16	$ 42	$ 95	$ 4	$ 22	$ 64
Total Income	$1,974	$2,960	$4,166	$1,207	$1,928	$2,447
Controllable Expenses						
Payroll	$ 759	$1,178	$1,807	$ 579	$ 933	$1,262
Employee Benefits	52	114	239	39	81	148
Direct Operating Expenses	143	235	356	107	200	316
Music & Entertainment	5	18	56	6	39	76
Advertising & Promotion	36	79	136	23	49	106
Utilities	102	146	191	93	127	158
Administrative & General	61	136	310	58	125	256
Repairs & Maintenance	50	79	138	37	64	98
Total Controllable Expenses	$1,404	$2,096	$2,893	$ 992	$1,619	$2,082
Income Before Occupation Costs	$ 460	$ 785	$1,320	$ 62	$ 249	$ 509
Occupation Costs						
Rent	$ 101	$ 194	$ 346	$ 95	$ 164	$ 306
Property Taxes	12	22	43	20	35	58
Other Taxes	11	32	101	9	21	103
Property Insurance	20	38	61	19	30	61
Income Before Interest & Depreciation	$ 258	$ 483	$ 861	$ (127)	$ (12)	$ 109
Interest	$ 21	$ 59	$ 118	$ 36	$ 70	$ 146
Depreciation	$ 60	$ 123	$ 195	$ 74	$ 133	$ 207
Net Income Before Other Deductions	$ 108	$ 286	$ 651	$ (289)	$ (150)	$ (51)
Other Additions & Deductions	$ (137)	$ (24)	$ (1)	$ (137)	$ (15)	$ (1)
Net Income (Loss) Before Income Taxes	$ 86	$ 265	$ 568	$ (327)	$ (169)	$ (72)
Other Data						
Average Receipt Per Cover						
Average Daily Seat Turnover						
Productivity Index						

N — Negligible.

Ratio to Total Sales					
Net Income			Net Loss		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
68.8%	76.9%	84.8%	67.7%	74.5%	80.0%
16.6	23.7	32.1	20.2	25.5	32.3
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
34.0%	39.1%	43.7%	35.5%	39.7%	44.7%
23.4	27.9	34.5	25.3	28.6	33.7
32.5%	36.0%	39.9%	33.3%	36.9%	40.6%
60.1%	64.0%	67.5%	59.5%	63.1%	66.7%
0.3%	0.9%	2.6%	0.2%	0.6%	1.5%
61.4%	64.9%	68.8%	60.0%	63.2%	67.6%
22.0%	27.6%	31.8%	26.8%	31.5%	37.7%
1.3	2.4	4.3	1.3	2.6	4.4
3.6	5.2	6.9	4.6	6.7	8.7
0.1	0.4	1.3	0.3	1.4	2.7
0.9	1.7	2.8	0.8	1.9	3.3
2.4	3.1	4.1	3.2	4.4	5.9
1.5	3.1	6.0	2.3	4.2	7.6
1.2	1.7	2.5	1.3	2.0	2.9
40.2%	46.5%	51.8%	50.2%	56.3%	60.7%
13.1%	17.3%	24.9%	3.4%	7.6%	14.4%
2.1%	4.7%	6.8%	3.3%	5.5%	7.9%
0.3	0.6	0.9	0.6	1.4	2.6
0.3	0.8	3.0	0.3	0.5	3.2
0.5	0.9	1.4	0.7	1.3	1.8
7.0%	11.5%	16.8%	(7.3)%	(0.2)%	3.9%
0.5%	1.3	2.5	0.9	2.1	5.5
1.7%	2.7	3.8	2.4	4.5	7.3
3.0%	6.6%	12.7%	(12.2)%	(5.3)%	(.9)%
(2.7)%	(0.6)%	N	(3.8)%	(0.6)%	N
2.2%	5.8%	11.1%	(12.7)%	(5.4)%	(2.4)%
$ 5.34	$ 8.18	$12.07	$ 4.48	$ 6.84	$11.37
.97	1.42	2.54	.71	1.01	1.65
2.94	3.35	4.12	2.59	2.93	3.49

Earnings

Exhibit B-4 shows the range of ratios to total sales of earnings for food and beverage restaurants. Of the restaurants participating in this section, half reported an earnings ratio between 0.3 percent and 9.4 percent. Of the breakdowns presented, those operations that lease their land and buildings reported the widest fluctuation, with half of the earnings ratios between −4.9 and 19.1 percent. In addition, the median earnings ratio for limited menu tableservice operations was higher than that for full menu establishments, at 4.2 percent compared with 3.1 percent.

Exhibit B-4
Food and Beverage
Earnings Ratio

	Lower Quartile	Median	Upper Quartile
All Food & Beverage Restaurants	0.3%	3.5%	9.4%
Own Land & Building	N	2.9%	7.4%
Lease Land & Building	0.4%	4.1%	10.1%
Lease Land & Own Building	(4.9)%	0.8%	19.1%
Restaurant Occupies:			
Separate or Detached Building	0.1%	3.8%	9.2%
Attached Building	0.4	2.9	9.9
Type of Restaurant			
Full Menu—Tableservice	0.3%	3.1%	8.9%
Limited Menu—Tableservice	0.1	4.2	12.9

N—Negligible.

Cost of sales

A total of 67.5 cents of every dollar was spent on food beverage and labor costs, 4.2 percent higher than the 64.8 cents reported in 1981. Payroll costs per dollar of sales rose from 27.8 cents in 1981 to 30.6 cents in 1982, while total cost of sales remained virtually unchanged. High payroll costs of more than 34 cents per revenue dollar contributed to the prime cost of losing operations, which exceeded 70 cents per dollar. Restaurants located in rural areas or that operate as a partnership also reported high prime costs in 1982. Rural operations tended to have higher food and beverage costs, while food costs were noticeably higher in partnership operations. The highest food cost per dollar of food sales was reported by operations with a steak and/or seafood menu theme. More detail is presented in Exhibit B-5.

Exhibit B-5
Food and Beverage
Cost Per Dollar of Sales*

	Food**	Beverages**	Total Cost of Sales	Total Payroll	Prime Cost
All Food & Beverage Restaurants	39.4¢	27.9¢	36.7¢	30.6¢	67.5¢
Location					
Urban	37.5¢	27.2¢	35.3¢	31.7¢	66.6¢
Suburban	41.1	27.9	37.4	29.7	67.5
Rural	40.3	30.6	37.7	30.5	69.3
Menu Theme					
Steak/Seafood	42.7¢	26.8¢	38.3¢	29.0¢	68.4¢
American	39.9	28.0	35.9	31.1	67.7
European/Continental***	37.4	29.1	36.2	33.5	68.4
All Others****	35.0	25.8	34.3	29.6	62.1
Ownership					
Sole Proprietorship	41.2¢	32.4¢	39.7¢	28.5¢	67.8¢
Partnership	39.2	28.1	36.6	30.3	69.3
Public Corporation	37.1	24.4	34.3	31.2	64.6
Private Corporation	39.5	28.1	36.6	30.7	68.0
Profit Versus Loss					
Net Profit	39.1¢	27.9¢	36.0¢	29.8¢	66.0¢
Net Loss	39.7	28.6	36.9	34.1	70.6
Type of Restaurant					
Full Menu—Tableservice	40.3¢	27.5¢	37.0¢	31.1¢	68.2¢
Limited Menu—Tableservice	37.5	30.0	35.5	29.6	64.7

*All amounts are medians and do not necessarily add to totals shown.
**Based on individual department sales.
***Includes Italian, French and German.
****Includes chicken, Oriental, salad bars, specialty sandwiches, pizza, hamburgers and regional.

Employee data

The average number of total employees in each operation in this section of the report was 38, or 30 full-time equivalent (FTE) employees. Each productivity index was lower than comparable food only figures during 1982. The median food and beverage operation had a productivity index of 3.27, compared with 3.54 for food only operations. Suburban locations recorded the highest sales per FTE employee ($27,219), while urban locations reported high payroll costs per FTE employee ($8,426). Of the categories presented, the operations with the most employees were those with a net income, those located in an urban area and those with a full menu and tableservice, all reporting 40 or 41 total employees for their

Exhibit B-6
Food and Beverage
Analysis of Employee Data*

		Restaurants Reporting		Location			Type of Restaurant	
	Total	Net Income	Net Loss	Urban	Suburban	Rural	Full Menu Tableservice	Limited Menu Tableservice
Number of Employees Per Restaurant								
Full-Time	15	14	10	19	12	10	17	9
Part-Time (20-35 Hours)	10	12	10	10	12	10	12	10
Part-Time (Under 20 Hours)	5	5	7	4	7	4	5	5
Total	38	40	30	40	39	30	41	29
Full-Time Equivalent Employees								
Total	30.0	31.0	23.8	33.0	29.8	23.5	33.3	22.5
Per 100 Restaurant Seats	14.8	16.0	11.9	17.3	13.6	12.0	15.6	14.2
Per 100 Average Daily Covers	11.7	11.4	11.0	11.0	11.9	14.6	13.0	8.3
Total Sales Per Full-Time Equivalent Employee	$26,471	$27,193	$23,867	$26,539	$27,219	$23,793	$25,734	$26,498
Payroll Per Full-Time Equivalent Employee	$ 8,043	$ 8,152	$ 7,922	$ 8,426	$ 8,162	$ 7,075	$ 8,050	$ 7,913
Index of Productivity	3.27	3.35	2.93	3.14	3.37	3.28	3.22	3.38

*All amounts are medians and do not necessarily add to totals shown.

restaurants and 31 or more FTE employees. Exhibit B-6 shows additional detail.

Occupation costs

The amounts per seat of occupation costs, interest and depreciation are detailed in Exhibit B-7. Compared with 1981, rent, other taxes, interest and depreciation all rose during the year. The median rent expense in the West during 1982 was $248, almost 15 percent higher than in 1981 and 28.5 percent higher than the 1982 median of all operations.

Limited menu-tableservice operations incurred the highest interest and depreciation costs during 1982 of the categories presented at $69 and $147 respectively.

Exhibit B-7
Food and Beverage
Occupancy Costs, Interest and Depreciation—Amount Per Seat*

		Type of Restaurant		Location			Region			
	Total	Full Menu Tableservice	Limited Menu Tableservice	Urban	Suburban	Rural	Northeast	North Central	South	West
Rent	$193	$197	$173	$193	$207	$150	$157	$174	$190	$248
Property Taxes	26	26	29	30	28	17	22	35	22	21
Other Taxes	32	30	28	32	39	27	32	30	43	32
Property Insurance	38	39	38	42	33	41	49	38	30	39
Interest	59	55	69	64	49	65	37	64	67	61
Depreciation	119	113	147	134	114	104	114	112	119	121

*All amounts are medians.

Special analysis

The cross tabulations presented in the next four exhibits were compiled in the same way as those on pages 18 to 19. Since narrower analyses are usually desired for comparative purposes, the tables were prepared to provide a greater insight into 1982 operating data. As explained earlier, to read these exhibits, the reader must locate both parameters of interest, one column and one row, then find the intersection. Again, total figures are presented as reference measurements.

Exhibit B-8
Food and Beverage
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Franchise and Organization

Amount Per Seat Ratio to Total Sales		Organization		Total
		Single Unit	Multi-Unit	
Franchise	Franchisee	$628 15.1%	$535 12.0%	$562 13.3%
	Independent	$496 14.6%	$777 17.1%	$571 15.4%
	Total	$499 14.6%	$706 17.0%	$571 15.4%

*All amounts are medians.

Exhibit B-9
Food and Beverage
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Franchise and Organization

Amount Per Seat Ratio to Total Sales		Organization		Total
		Single Unit	Multi-Unit	
Franchise	Franchisee	$167 6.6%	$108 2.2%	$167 5.6%
	Independent	$132 3.3%	$271 6.2%	$169 4.3%
	Total	$132 3.4%	$259 6.1%	$168 4.3%

*All amounts are medians.

Summary

The remaining exhibits present amounts per seat and ratios to total sales for various categories in order to provide ranges of reported figures. For each line item, 50 percent of the respondents reported values between the lower and upper quartile values shown. As a reminder regarding the use of quartiles and medians, columns cannot be totaled. For an explanation of what the reader should keep in mind when analyzing these exhibits, please refer to the summary in the food only section.

Exhibit B-10
Food and Beverage
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Location and Meals Served

	Amount Per Seat Ratio to Total Sales	Meals Served				Total
		Breakfast and Lunch	Lunch and Dinner	Dinner Only	All Meals	
Location	Urban	$455 15.5%	$834 17.1%	$851 15.6%	$553 14.4%	$673 15.9%
	Suburban	$369 22.6%	$615 15.7%	$504 15.5%	$354 12.8%	$528 14.9%
	Rural	** **	$466 14.1%	$335 9.6%	$391 16.7%	$418 15.9%
	Total	$417 22.5%	$666 16.0%	$505 15.0%	$428 14.3%	$571 15.4%

*All amounts are medians.
**Insufficient response.

Exhibit B-11
Food and Beverage
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Location and Meals Served

	Amount Per Seat Ratio to Total Sales	Meals Served				Total
		Breakfast and Lunch	Lunch and Dinner	Dinner Only	All Meals	
Location	Urban	$(102) (2.1)%	$244 4.9%	$288 6.0%	$152 4.3%	$229 4.7%
	Suburban	$ 290 15.7%	$172 4.3%	$170 4.2%	$136 3.1%	$156 4.0%
	Rural	** **	$ 83 2.1%	$ 18 0.5%	$143 4.8%	$ 83 2.6%
	Total	$ (79) (1.2)%	$184 4.5%	$176 3.4%	$147 4.2%	$168 4.3%

*All amounts are medians.
**Insufficient response.

Exhibit B-12
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Type of Restaurant					
	Full Menu Tableservice			Limited Menu Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	$1,803	$2,884	$4,403	$1,919	$2,899	$3,847
Beverage	527	931	1,713	479	927	1,717
Total Sales	$2,352	$3,882	$5,900	$2,811	$3,958	$5,474
Cost of Sales						
Food	$ 707	$1,116	$1,759	$ 625	$1,061	$1,578
Beverage	149	267	445	151	256	418
Total Cost of Sales	$ 870	$1,435	$2,150	$ 944	$1,419	$2,065
Gross Profit	$1,445	$2,369	$3,791	$1,893	$2,471	$3,484
Other Income	$ 9	$ 30	$ 77	$ 15	$ 37	$ 85
Total Income	$1,514	$2,425	$3,858	$1,955	$2,636	$3,558
Controllable Expenses						
Payroll	$ 684	$1,062	$1,730	$ 781	$1,048	$1,381
Employee Benefits	47	105	222	35	81	189
Direct Operating Expenses	122	214	370	148	227	306
Music & Entertainment	6	24	63	7	40	83
Advertising & Promotion	28	63	124	41	80	136
Utilities	94	138	190	92	130	165
Administrative & General	64	132	299	43	148	276
Repairs & Maintenance	39	73	131	42	65	109
Total Controllable Expenses	$1,198	$1,823	$2,893	$1,342	$1,962	$2,576
Income Before Occupation Costs	$ 260	$ 539	$ 956	$ 318	$ 674	$1,249
Occupation Costs						
Rent	$ 107	$ 197	$ 353	$ 84	$ 173	$ 276
Property Taxes	12	26	46	15	29	49
Other Taxes	10	30	104	8	28	88
Property Insurance	23	39	65	10	38	59
Income Before Interest & Depreciation	$ 79	$ 300	$ 629	$ 138	$ 435	$ 894
Interest	$ 19	$ 55	$ 115	$ 22	$ 69	$ 114
Depreciation	$ 60	$ 113	$ 179	$ 72	$ 147	$ 211
Restaurant Profit	$ (8)	$ 144	$ 401	$ 1	$ 255	$ 626

Exhibit B-13
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Type of Restaurant					
	Full Menu Tableservice			Limited Menu Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	67.5%	73.7%	81.3%	66.9%	78.3%	84.7%
Beverage	19.1	26.4	32.6	16.0	22.8	34.0
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales						
Food	35.2%	40.3%	44.5%	34.1%	37.5%	40.9%
Beverage	23.6	27.5	32.2	25.0	30.0	34.8
Total Cost of Sales	33.3%	37.0%	40.9%	31.7%	35.5%	38.3%
Gross Profit	59.1%	63.0%	66.7%	61.7%	64.5%	68.3%
Other Income	0.3%	0.7%	2.0%	0.4%	0.9%	1.8%
Total Income	60.0%	64.0%	68.0%	61.8%	65.2%	69.7%
Controllable Expenses						
Payroll	24.1%	29.2%	34.1%	21.4%	27.6%	32.9%
Employee Benefits	1.4	2.9	4.7	1.0	2.2	4.2
Direct Operating Expenses	3.7	5.5	7.7	4.2	6.0	8.7
Music & Entertainment	0.2	0.6	2.1	0.2	0.9	2.0
Advertising & Promotion	0.9	1.7	2.7	1.2	2.3	3.6
Utilities	2.5	3.3	4.5	2.2	2.8	4.0
Administrative & General	1.9	3.5	6.6	1.1	3.7	7.4
Repairs & Maintenance	1.3	1.8	2.6	1.1	1.7	2.6
Total Controllable Expenses	43.3%	49.4%	56.3%	39.2%	46.7%	55.3%
Income Before Occupation Costs	8.7%	14.4%	20.0%	11.0%	18.7%	26.2%
Occupation Costs						
Rent	2.7%	5.0%	7.0%	1.9%	4.7%	6.6%
Property Taxes	0.3	0.6	1.2	0.3	0.7	1.2
Other Taxes	0.3	0.8	3.0	0.2	0.7	2.3
Property Insurance	0.6	1.1	1.7	0.4	0.9	1.4
Income Before Interest & Depreciation	3.0%	7.9%	13.1%	3.5%	11.9%	19.6%
Interest	0.6%	1.4%	2.9%	0.7%	1.7%	3.2%
Depreciation	1.7%	2.8%	4.3%	1.9%	3.1%	5.4%
Restaurant Profit	(0.4)%	3.6%	8.8%	N	6.1%	14.5%

N — Negligible.

Exhibit B-14

Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	$1,640	$2,916	$4,322	$1,860	$2,923	$4,181	$1,784	$2,858	$4,526
Beverage	567	990	2,107	518	953	1,562	448	800	1,398
Total Sales	$2,333	$3,992	$6,004	$2,614	$4,283	$6,058	$2,280	$3,706	$5,653
Cost of Sales									
Food	$ 661	$1,067	$1,654	$ 680	$1,110	$1,731	$ 694	$1,130	$1,763
Beverage	162	278	541	147	284	422	121	225	385
Total Cost of Sales	$ 871	$1,391	$2,073	$ 920	$1,550	$2,332	$ 841	$1,368	$2,138
Gross Profit	$1,442	$2,454	$4,009	$1,684	$2,667	$3,821	$1,370	$2,245	$3,672
Other Income	$ 8	$ 32	$ 81	$ 9	$ 26	$ 66	$ 15	$ 42	$ 94
Total Income	$1,528	$2,495	$4,243	$1,688	$2,708	$3,846	$1,460	$2,355	$3,710
Controllable Expenses									
Payroll	$ 671	$1,058	$1,734	$ 700	$1,038	$1,552	$ 697	$1,041	$1,678
Employee Benefits	36	103	225	45	93	190	45	104	211
Direct Operating Expenses	114	213	389	129	233	350	122	211	349
Music & Entertainment	5	13	48	7	25	81	5	27	67
Advertising & Promotion	33	69	134	37	72	119	24	67	124
Utilities	96	142	183	99	139	186	89	128	184
Administrative & General	69	111	282	53	136	293	61	143	311
Repairs & Maintenance	35	68	129	41	73	130	39	71	126
Total Controllable Expenses	$1,107	$1,795	$2,819	$1,313	$1,924	$2,764	$1,160	$1,777	$2,868
Income Before Occupation Costs	$ 314	$ 674	$1,373	$ 344	$ 648	$1,233	$ 244	$ 476	$ 833
Occupation Costs									
Rent	$ 127	$ 244	$ 411	$ 122	$ 206	$ 311	$ 81	$ 157	$ 278
Property Taxes	15	27	49	14	30	48	12	21	43
Other Taxes	9	51	105	10	47	137	10	27	99
Property Insurance	19	35	60	25	41	66	21	38	65
Income Before Interest & Depreciation	$ 79	$ 392	$ 859	$ 128	$ 447	$ 855	$ 86	$ 282	$ 533
Interest	$ 33	$ 94	$ 211	$ 30	$ 67	$ 133	$ 16	$ 38	$ 92
Depreciation	$ 100	$ 162	$ 273	$ 77	$ 137	$ 195	$ 48	$ 91	$ 150
Restaurant Profit	$ (87)	$ 147	$ 618	$ 22	$ 189	$ 649	$ 8	$ 152	$ 371

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$2,205	$3,217	$4,800	$1,622	$2,879	$4,379	$1,543	$2,065	$3,286
569	1,138	2,107	522	900	1,394	338	635	904
$2,852	$4,475	$6,799	$2,263	$3,881	$5,648	$1,895	$2,820	$4,288
$ 783	$1,200	$1,925	$ 662	$1,117	$1,752	$ 599	$ 855	$1,285
159	318	556	142	242	391	100	177	271
$1,005	$1,603	$2,447	$ 849	$1,465	$2,132	$ 759	$1,035	$1,574
$1,927	$2,810	$4,355	$1,441	$2,374	$3,675	$1,132	$1,776	$2,643
$ 14	$ 35	$ 80	$ 9	$ 36	$ 83	$ 9	$ 35	$ 104
$1,961	$2,841	$4,384	$1,445	$2,399	$3,710	$1,165	$1,846	$2,733
$ 841	$1,256	$1,964	$ 660	$ 984	$1,514	$ 528	$ 771	$1,147
49	114	256	49	103	211	28	63	130
139	247	400	127	211	333	72	138	279
5	25	69	6	22	72	7	23	51
30	74	138	33	71	128	21	58	104
99	151	191	98	135	182	76	105	162
72	139	310	61	136	327	41	102	241
47	82	143	35	68	125	30	53	91
$1,444	$2,112	$3,268	$1,126	$1,741	$2,576	$ 875	$1,406	$2,119
$ 353	$ 673	$1,289	$ 288	$ 528	$ 945	$ 231	$ 418	$ 779
$ 109	$ 153	$ 371	$ 114	$ 207	$ 322	$ 54	$ 150	$ 276
12	30	53	15	28	49	11	17	30
11	32	99	10	39	112	8	27	102
22	42	66	18	33	63	21	41	61
$ 174	$ 431	$ 895	$ 71	$ 278	$ 617	$ 69	$ 241	$ 499
$ 26	$ 64	$ 149	$ 19	$ 49	$ 105	$ 18	$ 65	$ 119
$ 73	$ 134	$ 226	$ 55	$ 114	$ 167	$ 59	$ 104	$ 169
$ 19	$ 229	$ 593	$ (6)	$ 156	$ 419	$ (31)	$ 83	$ 309

Exhibit B-15
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	62.5%	72.0%	81.9%	67.0%	73.4%	82.2%	71.0%	77.3%	84.5%
Beverage	19.0	28.5	37.8	18.5	27.1	33.0	16.6	22.8	29.1
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales									
Food	32.6%	39.9%	43.8%	34.7%	39.4%	44.5%	35.2%	39.3%	44.4%
Beverage	23.0	26.4	32.0	23.6	28.4	33.8	24.9	28.2	33.1
Total Cost of Sales	30.5%	36.0%	40.0%	33.4%	36.3%	39.7%	33.6%	37.3%	41.5%
Gross Profit	60.1%	64.0%	69.5%	60.3%	63.7%	66.7%	58.5%	62.7%	66.4%
Other Income	0.2%	0.7%	2.4%	0.2%	0.6%	1.6%	0.5%	1.0%	3.1%
Total Income	60.7%	64.7%	70.9%	61.6%	64.5%	67.6%	59.0%	64.2%	67.8%
Controllable Expenses									
Payroll	22.1%	27.6%	33.1%	22.1%	27.7%	31.9%	25.4%	29.7%	34.6%
Employee Benefits	1.1	2.8	4.3	1.3	2.3	3.7	1.3	2.9	4.9
Direct Operating Expenses	3.7	5.6	7.9	3.5	5.3	7.7	3.9	5.8	7.7
Music & Entertainment	0.1	0.3	1.4	0.2	0.7	2.4	0.2	0.8	2.1
Advertising & Promotion	0.9	1.6	3.3	0.9	1.7	2.8	0.9	1.8	2.9
Utilities	2.5	3.1	4.3	2.4	3.2	4.1	2.5	3.5	4.6
Administrative & General	1.9	3.0	6.8	1.3	3.0	6.4	2.0	3.9	6.7
Repairs & Maintenance	1.1	1.7	2.7	1.1	1.6	2.6	1.3	1.8	2.5
Total Controllable Expenses	40.3%	47.5%	55.0%	39.5%	46.7%	54.2%	45.1%	50.0%	56.4%
Income Before Occupation Costs	9.5%	17.8%	25.8%	10.8%	16.5%	24.2%	8.0%	13.7%	19.0%
Occupation Costs									
Rent	3.4%	5.8%	9.4%	2.7%	5.0%	6.8%	2.1%	4.2%	6.5%
Property Taxes	0.3	0.7	1.3	0.3	0.6	1.2	0.3	0.6	1.2
Other Taxes	0.3	1.1	2.9	0.4	1.0	3.0	0.2	0.8	3.0
Property Insurance	0.5	1.0	1.4	0.6	1.0	1.5	0.6	1.1	1.8
Income Before Interest & Depreciation	2.9%	9.2%	15.9%	3.8%	10.2%	16.8%	3.1%	7.8%	12.9%
Interest	0.9%	2.4%	3.7%	0.6%	1.5%	3.3%	0.4%	1.1%	2.2%
Depreciation	2.7%	3.7%	5.9%	1.9%	2.8%	4.0%	1.4%	2.4%	3.8%
Restaurant Profit	(2.6)%	4.1%	10.9%	0.7%	4.7%	12.3%	0.2%	4.2%	9.2%

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
66.7%	73.2%	82.9%	68.0%	75.7%	81.9%	72.1%	80.1%	85.6%
17.5	27.2	34.1	18.5	24.7	32.1	15.3	20.0	28.1
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
33.1%	37.5%	42.6%	35.8%	41.1%	45.4%	36.1%	40.3%	44.5%
23.5%	27.2	32.7	24.4	27.9	32.0	25.1	30.6	35.7
32.0%	35.3%	38.9%	33.4%	37.4%	40.7%	34.4%	37.7%	42.2%
61.1%	64.7%	68.0%	59.3%	62.6%	66.6%	57.8%	62.3%	65.6%
0.3%	0.8%	1.7%	0.3%	0.8%	2.5%	0.5%	1.1%	3.2%
61.9%	65.7%	69.6%	60.0%	63.5%	67.5%	58.9%	62.9%	67.3%
25.5%	29.7%	34.0%	22.1%	27.2%	32.6%	23.5%	28.6%	34.0%
1.3	2.4	4.5	1.4	3.2	4.8	1.1	2.4	3.6
3.6	5.8	7.8	4.0	5.6	7.9	3.1	5.0	7.3
0.1	0.5	2.0	0.2	0.7	2.0	0.2	0.9	2.4
0.9	1.5	2.6	0.9	2.1	3.3	1.1	1.9	2.8
2.2	3.1	4.1	2.6	3.3	4.4	2.9	4.0	5.1
1.6	3.0	6.0	1.9	4.1	7.1	1.8	3.8	7.1
1.3	1.7	2.6	1.1	1.7	2.5	1.2	1.8	2.6
42.7%	49.1%	56.1%	42.0%	48.6%	55.8%	42.9%	49.4%	53.5%
9.3%	15.9%	23.7%	8.8%	14.9%	21.0%	8.6%	15.9%	23.5%
2.3%	4.6%	6.9%	3.3%	5.5%	7.4%	2.1%	4.2%	8.0%
0.2	0.5	1.1	0.3	0.7	1.4	0.3	0.6	1.0
0.3	0.8	2.5	0.3	0.8	3.1	0.3	1.0	3.5
0.6	1.0	1.5	0.6	1.0	1.5	0.7	1.3	2.2
4.3%	9.6%	15.9%	2.3%	7.3%	13.1%	2.8%	8.0%	13.4%
0.6%	1.4%	3.0%	0.6%	1.3%	2.5%	0.6%	2.2%	3.8%
1.6%	2.8%	4.3%	1.8%	2.8%	4.1%	2.1%	3.2%	5.3%
0.6%	4.7%	10.6%	(0.1)%	4.0%	9.3%	(1.1)%	2.6%	8.4%

Exhibit B-16
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	$1,777	$2,880	$4,241	$1,907	$2,902	$4,743	$1,383	$3,190	$5,008
Beverage	440	813	1,388	611	1,144	2,074	397	797	928
Total Sales	$2,285	$3,607	$5,479	$2,718	$4,462	$6,763	$2,205	$3,584	$5,428
Cost of Sales									
Food	$ 692	$1,117	$1,687	$ 677	$1,055	$1,771	$ 557	$1,151	$1,928
Beverage	127	249	404	163	296	523	103	186	231
Total Cost of Sales	$ 854	$1,376	$2,082	$ 874	$1,478	$2,427	$ 799	$1,281	$2,065
Gross Profit	$1,374	$2,204	$3,443	$1,826	$2,817	$4,322	$1,467	$2,306	$3,289
Other Income	$ 13	$ 35	$ 86	$ 7	$ 35	$ 84	$ 18	$ 47	$ 78
Total Income	$1,462	$2,302	$3,567	$1,919	$2,882	$4,341	$1,520	$2,348	$3,702
Controllable Expenses									
Payroll	$ 661	$ 990	$1,658	$ 755	$1,151	$1,730	$ 540	$ 794	$1,322
Employee Benefits	36	93	181	62	130	268	31	35	108
Direct Operating Expenses	120	213	353	127	228	374	124	208	273
Music & Entertainment	6	27	71	6	16	50	12	46	179
Advertising & Promotion	28	67	118	29	62	146	70	150	207
Utilities	87	124	178	103	158	190	68	129	196
Administrative & General	53	129	257	66	127	335	92	162	320
Repairs & Maintenance	33	65	108	50	90	156	42	52	112
Total Controllable Expenses	$1,093	$1,740	$2,773	$1,420	$2,073	$ 964	$1,251	$1,612	$2,462
Income Before Occupation Costs	$ 257	$ 496	$ 852	$ 366	$ 777	$1,464	$ 169	$ 535	$1,436
Occupation Costs									
Rent	$ 84	$ 165	$ 272	$ 130	$ 247	$ 412	$ 115	$ 167	$ 346
Property Taxes	11	20	37	16	35	60	17	22	46
Other Taxes	12	36	107	8	32	91	12	26	88
Property Insurance	24	41	66	17	33	58	15	34	52
Income Before Interest & Depreciation	$ 84	$ 274	$ 559	$ 114	$ 495	$1,100	$ 55	$ 192	$1,006
Interest	$ 21	$ 52	$ 110	$ 14	$ 69	$ 159	$ 15	$ 35	$ 174
Depreciation	$ 52	$ 106	$ 166	$ 85	$ 147	$ 240	$ 53	$ 115	$ 188
Restaurant Profit	$ (1)	$ 132	$ 361	$ 12	$ 271	$ 741	$ (192)	$ 108	$ 959

Sales Volume ($000)

Under $750			$750 to $1,499			$1,500 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$1,272	$2,026	$3,114	$2,277	$3,233	$4,277	$3,005	$4,752	$ 6,857
309	602	1,011	621	1,063	1,684	858	1,752	3,168
$1,885	$2,784	$4,142	$3,312	$4,501	$6,056	$4,319	$6,905	$10,054
$ 500	$ 777	$1,221	$ 843	$1,266	$1,669	$1,135	$1,873	$ 2,721
102	179	294	164	297	422	218	455	782
$ 709	$1,000	$1,582	$1,145	$1,646	$2,268	$1,455	$2,337	$ 3,486
$1,167	$1,795	$2,464	$1,988	$2,861	$3,813	$2,709	$4,295	$ 6,559
$ 6	$ 22	$ 77	$ 10	$ 35	$ 85	$ 30	$ 48	$ 106
$1,217	$1,846	$2,503	$2,025	$3,052	$4,000	$2,865	$4,342	$ 6,894
$ 539	$ 779	$1,150	$ 821	$1,154	$1,704	$1,184	$1,793	$ 2,739
27	66	116	55	116	213	86	205	433
85	153	266	146	232	370	212	353	715
5	19	47	5	26	83	7	31	76
22	48	99	36	78	135	59	105	197
79	118	166	100	141	185	119	179	237
48	94	197	69	130	276	130	278	510
26	51	84	48	76	128	83	133	194
$ 944	$1,351	$1,952	$1,506	$2,142	$2,859	$2,190	$3,220	$4,520
$ 200	$ 392	$ 673	$ 363	$ 713	$1,254	$ 534	$ 961	$2,022
$ 90	$ 163	$ 276	$ 100	$ 200	$ 332	$ 131	$ 276	$ 557
11	20	41	14	29	49	17	30	56
12	43	106	11	28	99	10	32	103
18	35	55	23	42	71	23	47	85
$ 30	$ 190	$ 416	$ 179	$ 488	$ 887	$ 336	$ 633	$ 1,486
$ 21	$ 58	$ 114	$ 19	$ 53	$ 143	$ 20	$ 70	$ 171
$ 49	$ 102	$ 165	$ 67	$ 122	$ 196	$ 92	$ 150	$ 261
$ (81)	$ 66	$ 233	$ 45	$ 243	$ 635	$ 97	$ 432	$ 1,191

Exhibit B-17
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	70.2%	76.7%	84.4%	63.5%	71.7%	80.1%	66.1%	81.4%	92.1%
Beverage	16.5	23.4	30.0	20.1	28.5	36.5	15.9	19.1	33.9
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales									
Food	35.7%	40.3%	44.7%	31.8%	37.5%	42.8%	34.3%	36.7%	43.3%
Beverage	25.2	29.6	36.3	22.7	25.3	29.7	21.6	26.4	29.4
Total Cost of Sales	34.0%	37.7%	41.6%	30.5%	35.1%	38.0%	33.0%	34.1%	38.3%
Gross Profit	58.4%	62.3%	66.1%	62.0%	65.0%	69.5%	61.7%	65.9%	67.0%
Other Income	0.3%	0.9%	2.9%	0.2%	0.7%	1.8%	0.5%	1.5%	4.6%
Total Income	59.4%	63.3%	67.5%	62.3%	65.7%	71.2%	61.7%	66.8%	68.9%
Controllable Expenses									
Payroll	24.6%	29.4%	34.5%	22.7%	27.1%	32.1%	19.5%	23.7%	32.2%
Employee Benefits	1.1	2.4	4.3	1.7	3.1	5.0	0.6	1.0	3.2
Direct Operating Expenses	3.9	5.8	7.8	3.6	5.4	7.4	3.1	5.4	9.4
Music & Entertainment	0.2	0.7	2.3	0.1	0.4	1.4	0.3	1.7	7.3
Advertising & Promotion	1.0	1.9	2.8	0.8	1.4	2.7	2.7	4.1	5.8
Utilities	2.6	3.3	4.3	2.3	3.2	4.6	2.2	3.6	5.9
Administrative & General	1.7	3.5	6.0	1.8	3.3	7.6	2.9	4.4	9.1
Repairs & Maintenance	1.1	1.7	2.4	1.4	1.8	3.0	1.0	2.0	2.8
Total Controllable Expenses	43.0%	49.2%	55.8%	42.0%	47.9%	54.8%	38.1%	50.5%	60.5%
Income Before Occupation Costs	8.6%	14.6%	20.8%	10.6%	17.1%	25.3%	8.1%	12.0%	26.1%
Occupation Costs									
Rent	2.2%	4.5%	6.2%	3.2%	5.7%	8.0%	3.7%	5.1%	7.3%
Property Taxes	0.3	0.6	1.0	0.3	0.7	1.6	0.5	0.9	1.3
Other Taxes	0.3	1.1	3.3	0.2	0.7	2.5	0.3	1.6	3.5
Property Insurance	0.6	1.1	1.8	0.5	0.9	1.3	0.5	1.0	1.6
Income Before Interest & Depreciation	3.1%	7.8%	13.2%	3.9%	10.4%	17.4%	2.1%	5.5%	17.5%
Interest	0.6%	1.4%	3.0%	0.5%	1.5%	3.1%	0.3%	1.1%	4.9%
Depreciation	1.7%	2.7%	4.2%	1.8%	3.0%	5.0%	1.5%	2.7%	6.3%
Restaurant Profit	(0.1)%	3.3%	8.8%	0.4%	6.2%	12.6%	(5.5)%	2.2%	14.7%

Sales Volume ($000)								
Under $750			$750 to $1,499			$1,500 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
69.2%	77.2%	86.0%	67.6%	73.8%	81.0%	66.5%	73.2%	81.4%
15.2	23.3	30.9	19.1	26.3	32.4	18.7	26.9	33.5
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
35.3%	40.0%	44.5%	34.4%	39.0%	44.8%	32.7%	38.6%	43.1%
25.3	30.7	37.5	23.4	27.4	30.9	22.3	25.4	29.2
34.4%	37.7%	41.3%	32.8%	36.1%	40.0%	30.8%	34.9%	38.8%
58.7%	62.4%	65.6%	60.3%	63.9%	67.2%	61.2%	65.1%	69.2%
0.3%	0.9%	2.9%	0.2%	0.8%	1.9%	0.4%	0.9%	2.0%
59.4%	63.3%	67.5%	61.4%	65.1%	67.9%	61.9%	66.0%	71.5%
23.8%	29.1%	35.1%	23.1%	28.4%	32.6%	23.5%	27.7%	32.6%
1.1	2.4	4.1	1.7	2.8	4.2	1.4	3.2	5.7
3.6	5.5	7.7	3.6	5.3	7.8	4.3	6.0	7.7
0.2	0.6	2.1	0.1	0.8	2.1	0.1	0.4	1.8
0.9	1.8	2.9	0.9	1.9	2.9	0.9	1.7	2.6
2.9	3.9	5.4	2.5	3.1	3.9	1.9	2.7	3.5
1.8	3.5	7.0	1.5	2.8	6.3	2.1	4.2	6.7
1.1	1.7	2.6	1.2	1.6	2.6	1.5	1.9	2.5
43.0%	49.0%	56.3%	40.5%	48.4%	54.6%	43.6%	49.5%	55.5%
7.9%	15.3%	21.0%	9.7%	16.0%	23.7%	10.0%	15.0%	23.8%
3.2%	5.5%	8.0%	2.1%	4.7%	6.7%	2.2%	4.4%	6.5%
0.3	0.6	1.1	0.3	0.6	1.1	0.2	0.5	0.9
0.3	0.6	2.6	0.3	0.6	2.6	0.1	0.5	2.2
0.6	1.0	1.5	0.6	1.0	1.5	0.4	0.7	1.2
1.2%	7.0%	12.8%	4.6%	10.2%	16.3%	5.6%	10.4%	16.4%
0.6%	1.2%	2.5%	0.6%	1.2%	2.5%	0.5%	1.3%	2.1%
1.7%	2.7%	3.8%	1.7%	2.7%	3.8%	1.4%	2.4%	3.2%
1.1%	5.9%	11.2%	1.1%	5.9%	11.2%	1.7%	6.8%	12.8%

Exhibit B-18

Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	$1,836	$2,883	$4,186	$1,534	$2,356	$3,780
Beverage	517	986	1,520	470	788	1,247
Total Sales	$2,350	$3,948	$5,841	$2,103	$3,246	$4,831
Cost of Sales						
Food	$ 723	$1,171	$1,791	$ 595	$ 968	$1,510
Beverage	144	280	439	121	214	353
Total Cost of Sales	$ 928	$1,492	$2,261	$ 803	$1,164	$1,812
Gross Profit	$1,442	$2,399	$3,620	$1,295	$1,982	$3,207
Other Income	$ 15	$ 38	$ 80	$ 9	$ 27	$ 53
Total Income	$1,597	$2,418	$3,623	$1,329	$1,989	$3,237
Controllable Expenses						
Payroll	$ 681	$ 943	$1,521	$ 608	$ 951	$1,267
Employee Benefits	62	116	213	35	79	143
Direct Operating Expenses	135	209	296	111	176	347
Music & Entertainment	3	18	68	6	27	69
Advertising & Promotion	35	73	132	20	53	111
Utilities	103	148	200	87	127	173
Administrative & General	74	129	325	54	112	259
Repairs & Maintenance	37	71	127	36	59	86
Total Controllable Expenses	$1,136	$1,905	$2,710	$1,016	$1,609	$2,258
Income Before Occupation Costs	$ 316	$ 574	$ 829	$ 156	$ 371	$ 821
Occupation Costs						
Rent	$ 104	$ 157	$ 259	$ 80	$ 174	$ 313
Property Taxes	14	22	40	16	35	65
Other Taxes	9	32	130	11	30	104
Property Insurance	28	49	84	22	38	62
Income Before Interest & Depreciation	$ 132	$ 354	$ 551	$ 17	$ 171	$ 420
Interest	$ 18	$ 37	$ 93	$ 29	$ 64	$ 133
Depreciation	$ 53	$ 114	$ 177	$ 55	$ 112	$ 190
Restaurant Profit	$ 26	$ 190	$ 415	$ (135)	$ 31	$ 236

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$1,861	$3,139	$4,752	$2,035	$3,206	$4,850
452	913	1,567	556	1,083	1,921
$2,523	$4,007	$6,328	$2,742	$4,477	$6,644
$ 625	$1,214	$1,772	$ 754	$1,192	$1,883
120	259	466	155	294	483
$ 855	$1,482	$2,257	$ 939	$1,597	$2,435
$1,678	$2,461	$3,889	$1,778	$2,855	$4,297
$ 7	$ 49	$ 120	$ 11	$ 35	$ 92
$1,696	$2,532	$4,169	$1,876	$2,910	$4,339
$ 696	$1,121	$1,822	$ 752	$1,199	$1,878
30	86	179	55	137	294
122	232	372	127	234	393
6	23	68	7	25	66
37	81	125	31	74	128
95	135	193	92	136	184
60	154	324	63	148	341
43	73	130	44	84	154
$1,323	$1,790	$3,037	$1,289	$2,120	$3,096
$ 282	$ 628	$1,152	$ 415	$ 742	$1,380
$ 84	$ 190	$ 351	$ 141	$ 248	$ 388
12	22	49	9	21	37
12	43	114	9	32	91
16	30	54	21	39	61
$ 107	$ 363	$ 731	$ 201	$ 500	$1,012
$ 15	$ 67	$ 150	$ 21	$ 61	$ 145
$ 60	$ 119	$ 197	$ 66	$ 121	$ 193
$ 10	$ 198	$ 487	$ 64	$ 285	$ 737

Exhibit B-19
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	65.7%	74.9%	81.3%	68.4%	74.6%	81.5%
Beverage	18.8	25.2	35.1	18.5	25.5	31.7
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales						
Food	37.3%	41.5%	45.7%	36.5%	41.6%	45.1%
Beverage	24.3	28.5	35.8	24.2	26.9	32.0
Total Cost of Sales	34.4%	37.4%	42.6%	34.3%	37.5%	40.9%
Gross Profit	57.4%	62.6%	65.6%	59.1%	62.5%	65.7%
Other Income	0.3%	0.8%	2.3%	0.3%	0.9%	1.6%
Total Income	59.0%	63.5%	66.3%	59.4%	63.5%	67.3%
Controllable Expenses						
Payroll	23.5%	28.1%	31.9%	24.3%	29.3%	34.7%
Employee Benefits	1.6	3.2	4.9	1.3	2.4	4.2
Direct Operating Expenses	4.0	5.1	7.0	4.0	6.0	7.7
Music & Entertainment	0.1	0.5	2.1	0.2	1.0	2.4
Advertising & Promotion	1.2	1.9	3.1	0.8	1.7	2.7
Utilities	2.8	3.5	4.5	2.9	3.7	5.1
Administrative & General	2.1	3.7	6.4	1.9	3.7	7.8
Repairs & Maintenance	1.0	1.7	2.6	1.2	1.7	2.6
Total Controllable Expenses	42.3%	48.9%	53.4%	44.0%	50.6%	57.3%
Income Before Occupation Costs	9.5%	14.1%	18.6%	6.3%	12.6%	18.9%
Occupation Costs						
Rent	2.3%	4.4%	7.0%	2.4%	5.0%	7.1%
Property Taxes	0.3	0.7	1.0	0.5	1.1	2.1
Other Taxes	0.2	1.1	3.9	0.4	0.8	3.4
Property Insurance	0.8	1.3	2.0	0.8	1.2	1.7
Income Before Interest & Depreciation	4.3%	8.1%	13.0%	0.9%	5.5%	10.9%
Interest	0.4%	1.2%	2.1%	0.8%	1.9%	3.6%
Depreciation	1.8%	2.9%	4.3%	1.8%	3.1%	5.6%
Restaurant Profit	0.8%	4.5%	9.5%	(5.5)%	1.4%	6.5%

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
71.8%	78.6%	86.1%	66.8%	74.4%	83.2%
15.0%	21.7	28.5	17.1	26.5	33.4
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
32.4%	38.1%	42.6%	31.9%	37.2%	41.9%
25.0	29.3	35.9	23.1	26.9	32.0
32.8%	36.2%	40.4%	31.0%	35.2%	38.8%
59.6%	63.8%	67.2%	61.2%	64.8%	69.0%
0.3%	1.0%	3.5%	0.3%	0.7%	2.3%
60.4%	65.0%	70.2%	61.8%	65.8%	70.1%
22.7%	28.8%	34.8%	23.1%	28.0%	32.6%
0.9	1.8	3.8	1.5	3.2	5.3
4.1	5.8	8.8	3.3	5.4	7.8
0.1	0.4	1.9	0.2	0.5	2.1
1.0	2.1	2.9	0.8	1.5	3.0
2.5	3.4	4.6	2.1	2.8	3.8
1.5	3.3	6.8	1.5	3.2	6.3
1.0	1.8	2.8	1.3	1.7	2.5
41.7%	49.0%	57.4%	39.2%	47.1%	54.8%
9.2%	15.9%	23.9%	10.6%	17.5%	26.2%
2.3%	4.3%	6.8%	3.1%	5.6%	7.7%
0.2	0.6	1.3	0.2	0.5	0.7
0.3	1.1	3.0	0.2	0.8	2.5
0.4	0.9	1.3	0.5	0.9	1.5
3.3%	9.1%	15.2%	5.4%	11.2%	17.8%
0.3%	1.5%	3.2%	0.6%	1.3%	2.9%
1.4%	2.8%	4.4%	1.6%	2.4%	4.0%
0.3%	5.3%	11.6%	1.4%	6.8%	12.8%

Exhibit B-20
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Menu Theme					
	Steak and Seafood			American		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	$1,718	$2,679	$4,261	$1,818	$2,938	$4,599
Beverage	584	938	1,403	382	854	1,806
Total Sales	$2,501	$3,764	$5,773	$2,286	$3,928	$5,837
Cost of Sales						
Food	$ 709	$1,195	$1,767	$ 670	$1,183	$1,894
Beverage	156	255	373	121	244	505
Total Cost of Sales	$ 947	$1,506	$2,249	$ 828	$1,484	$2,325
Gross Profit	$1,512	$2,245	$3,616	$1,435	$2,457	$3,791
Other Income	$ 5	$ 21	$ 57	$ 18	$ 42	$ 102
Total Income	$1,523	$2,324	$3,646	$1,507	$2,466	$3,977
Controllable Expenses						
Payroll	$ 676	$ 979	$1,293	$ 678	$1,050	$1,769
Employee Benefits	46	104	189	49	104	239
Direct Operating Expenses	128	218	339	130	240	403
Music & Entertainment	5	21	67	6	24	52
Advertising & Promotion	29	79	140	24	59	119
Utilities	94	127	167	93	148	198
Administrative & General	55	120	283	55	123	309
Repairs & Maintenance	38	64	102	44	77	152
Total Controllable Expenses	$1,177	$1,749	$2,477	$1,124	$1,924	$2,920
Income Before Occupation Costs	$ 255	$ 545	$ 947	$ 284	$ 553	$ 961
Occupation Costs						
Rent	$ 95	$ 176	$ 296	$ 110	$ 191	$ 335
Property Taxes	14	29	46	11	27	49
Other Taxes	9	22	99	13	36	119
Property Insurance	17	34	55	27	50	82
Income Before Interest & Depreciation	$ 77	$ 307	$ 610	$ 71	$ 303	$ 607
Interest	$ 18	$ 49	$ 103	$ 18	$ 64	$ 132
Depreciation	$ 64	$ 112	$ 157	$ 55	$ 121	$ 195
Restaurant Profit	$ (9)	$ 152	$ 418	$ 14	$ 152	$ 432

Menu Theme					
European/Continental			All Others		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$1,644	$2,882	$4,204	$2,041	$2,909	$3,913
473	841	1,666	505	990	1,846
$2,111	$3,822	$5,757	$2,746	$4,293	$5,744
$ 625	$1,048	$1,633	$ 745	$ 991	$1,586
146	278	493	130	234	420
$ 792	$1,333	$2,034	$ 963	$1,362	$1,955
$1,352	$2,448	$3,728	$1,824	$2,660	$3,955
$ 16	$ 36	$ 91	$ 11	$ 35	$ 86
$1,421	$2,648	$3,779	$1,920	$2,795	$4,153
$ 680	$1,077	$1,785	$ 759	$1,200	$1,650
39	93	214	31	76	174
114	231	401	104	189	311
13	29	104	5	18	48
40	75	132	27	61	117
85	129	185	101	147	184
78	155	322	66	110	260
35	67	115	40	74	129
$1,161	$1,883	$2,962	$1,266	$1,872	$2,605
$ 247	$ 476	$ 900	$ 453	$ 797	$1,516
$ 80	$ 156	$ 293	$ 142	$ 257	$ 434
9	22	41	14	21	39
11	25	89	17	67	123
17	32	62	25	39	63
$ 89	$ 271	$ 540	$ 184	$ 542	$1,011
$ 25	$ 62	$ 142	$ 18	$ 64	$ 153
$ 62	$ 134	$ 212	$ 70	$ 133	$ 209
$ (12)	$ 132	$ 383	$ 43	$ 278	$ 649

Exhibit B-21
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Menu Theme					
	Steak and Seafood			American		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	68.0%	74.2%	79.8%	67.7%	77.3%	88.0%
Beverage	20.7	26.3	32.2	12.7	23.2	32.9
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales						
Food	39.3%	42.7%	45.9%	35.4%	39.9%	44.5%
Beverage	24.1	26.8	31.1	24.2	28.0	34.3
Total Cost of Sales	35.9%	38.3%	42.0%	33.1%	35.9%	40.5%
Gross Profit	58.0%	61.7%	64.1%	59.5%	64.1%	66.9%
Other Income	0.2%	0.5%	1.4%	0.4%	1.0%	3.1%
Total Income	58.9%	62.1%	65.1%	60.2%	64.9%	68.7%
Controllable Expenses						
Payroll	21.9%	27.2%	30.5%	22.9%	28.5%	33.3%
Employee Benefits	1.4	3.1	4.3	1.3	2.8	4.7
Direct Operating Expenses	3.7	5.8	8.0	4.3	6.0	7.6
Music & Entertainment	0.2	0.6	2.0	0.1	0.6	2.0
Advertising & Promotion	1.0	2.1	3.0	0.9	1.6	2.6
Utilities	2.4	3.1	4.6	2.6	3.6	4.6
Administrative & General	1.5	3.5	7.0	1.9	3.0	6.4
Repairs & Maintenance	1.2	1.7	2.4	1.4	1.9	3.0
Total Controllable Expenses	40.4%	46.7%	53.7%	42.6%	49.6%	55.9%
Income Before Occupation Costs	8.9%	14.4%	19.7%	8.8%	15[illegible]%	22.0%
Occupation Costs						
Rent	2.4%	4.6%	6.6%	2.4%	5.0%	7.0%
Property Taxes	0.3	0.6	1.4	0.3	0.6	1.1
Other Taxes	0.2	0.8	2.6	0.4	1.2	3.5
Property Insurance	0.6	1.1	1.6	0.7	1.3	2.0
Income Before Interest & Depreciation	3.1%	7.5%	13.2%	2.8%	8.1%	15.0%
Interest	0.6%	1.3%	3.1%	0.7%	1.4%	2.7%
Depreciation	1.6%	2.8%	4.3%	1.7%	2.7%	4.2%
Restaurant Profit	(0.3)%	4.3%	9.2%	(0.2)%	3.7%	11.2%

N—Negligible

Menu Theme					
European/Continental			All Others		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
68.8%	74.9%	81.5%	65.1%	74.2%	84.1%
18.6	25.4	31.4	16.3	26.5	35.0
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
32.9%	37.4%	43.1%	29.9%	35.0%	39.0%
24.8	29.1	35.3	21.0	25.8	32.5
32.2%	36.2%	39.1%	27.9%	34.3%	37.4%
60.9%	63.8%	67.8%	62.6%	65.7%	72.1%
0.4%	0.9%	2.8%	0.3%	0.8%	2.3%
62.0%	65.8%	70.1%	63.2%	66.9%	72.9%
26.6%	31.0%	36.0%	23.0%	28.5%	32.9%
1.3	2.4	5.5	0.9	2.0	3.2
4.3	6.0	8.7	2.5	4.3	6.6
0.3	1.2	2.6	0.1	0.3	1.3
1.3	2.2	2.9	0.7	1.3	3.4
2.4	3.4	4.5	2.5	3.2	4.1
2.6	4.2	7.7	1.4	2.7	6.1
1.2	1.7	2.5	1.0	1.6	2.6
47.1%	53.3%	59.1%	38.8%	45.6%	51.6%
8.7%	14.1%	18.7%	13.6%	21.3%	28.7%
2.1%	4.6%	6.2%	3.4%	6.2%	8.4%
0.2	0.7	1.0	0.3	0.6	1.1
0.3	0.6	2.5	0.4	1.8	3.0
0.5	0.9	1.4	0.5	1.1	1.5
3.0%	8.1%	12.3%	6.5%	12.7%	19.6%
0.6%	1.7%	3.3%	0.3%	1.4%	3.6%
1.8%	2.9%	5.4%	1.9%	3.1%	4.5%
(0.4)%	3.4%	7.9%	1.1%	7.4%	13.8%

Comments From Laventhol & Horwath Offices Around the Country

From Atlanta

Continued rapid growth in disposable income, in conjunction with relatively mild recessionary impact, furthered the expansion of metropolitan Atlanta's food and beverage industry in 1982. Openings of new operations far exceeded closings, and revenue at established restaurants and lounges reflected a general upward trend. Certain restaurants in the downtown and airport areas continued to experience the effects of decreased convention attendance and passenger traffic caused by the recession.

The Buckhead area remains a focal point of activity, with two new upscale restaurants opening during the year to avid public reception. One, a discotheque/restaurant, continues to perform well in defiance of the traditionally faddish nature of this market in Atlanta. A large discotheque featuring Carolina beach music in the heart of Buckhead has been converted to a nonalcoholic "teen club," catering to the affluent, family-oriented residential base in the area.

The northwestern suburban area surrounding the intersection of Interstates 75 and 285 will soon emerge as an entertainment district rivaling Buckhead. Trammell Crow is developing the Atlanta Galleria, a mixed-use project encompassing a 534-room hotel, office space and a 250,000-square-foot specialty retail mall. The hotel will have five restaurants and two bars, and the mall will house at least five restaurants. Similar mixed-use projects are proposed in the Perimeter Mall area of north Atlanta.

Georgia Pacific's newly opened world headquarters building in downtown Atlanta includes an innovative cafeteria directed toward office workers. Multiple foodservice points are delineated by theme and/or product type and provide a wide variety of quality items that change on a daily basis. The imposing skyscraper also is home to a gourmet restaurant that competes primarily with hotel-based fine dining operations.

The future looks even brighter as a revival of the once booming Underground Atlanta is considered, the base of facilities serving conventions is expanded, and growth within the commercial and service center of the Southeast continues. Atlanta continues to be underdeveloped from a restaurant standpoint and embodies excellent opportunity for new or expanding operations.

William G. Moeckel
David T. Neises
Atlanta

From Baltimore

Based on reported restaurant and nightclub sales tax receipts, Baltimore's eating and drinking establishment sales increased approximately 7 percent in 1982 compared with 1981 figures. Although this increase is slightly lower than those of previous years, the city's restaurant industry continues to expand, paralleling the ongoing revitalization of downtown Baltimore.

The Rouse Company's Harborplace, the retail arcade that has served as a catalyst for development within the Inner Harbor area since its opening in 1979, houses 13 sit-down restaurants and approximately 50 food kiosks that offer a variety of local and international cuisine. Total sales at the various eating establishments in this complex increased approximately 20 percent from 1981 to 1982. Another concentration of dining establishments is located at the famous Lexington Market, a component of Baltimore's Market Square. Lexington Market, at which a 80,000-square-foot, $9 million addition opened in September 1982, now offers approximately 28 food stalls, two full-service restaurants and an outdoor cafe.

The aggressive growth and development activities of the Inner Harbor are now expanding northwest into the Market Square area of downtown Baltimore. A major national developer recently agreed to develop one million square feet of first-class office and retail space along the Howard Street corridor. City officials project that the Market Square development could include up to 2.5 million square feet of new space during the next decade.

In addition to new office and retail construction, approximately $75 million worth of rehabilitation occurring among the attractive 20th century buildings situated throughout downtown Baltimore's older, more historic neighborhoods is generating interest in residential revitalization as well. Mt. Vernon, a historic, cultural neighborhood housing many of Baltimore's finer dining establishments, and Cedar Hill are now undergoing considerable revitalization. As a result, they are gaining increased popularity as affluent residential neighborhoods. In contrast to past trends, demographic statistics now indicate that the number of households in downtown Baltimore is on the rise. The mix of residential and commercial activity that will result from Baltimore's revitalized downtown core is expected to present a growing market base for a variety of dining establishments.

Restaurants in Baltimore also can expect to continue to enjoy patronage from the increasing number of out-of-town visitors. Attendance at the Baltimore Convention Center increased approximately 16 percent in 1982 compared with the 1981 level. Officials of Baltimore's National Aquarium recently announced preliminary plans for expansion as a result of the tremendous popularity of this tourist attraction. Tourism in Baltimore is expected to grow 10 to 20 percent annually during the next five years. A portion of this growth is attributable to the increasing number of international visitors to Baltimore. The number of overseas flights at the Baltimore-Washington International Airport recently was increased to accommodate this new and growing market.

Continued commercial and residential development occurring throughout the downtown core, the increasing popularity of Baltimore's Inner Harbor attractions, and the overall growth of the restaurant industry during the past year suggest that Baltimore's restaurant business will remain strong.

Douglas W. Henry
Washington, D.C.

From Boston

Boston restaurateurs had a difficult year in 1982 with the recession, decreasing tourism and the opening of new restaurants. These three factors resulted in lower cover counts and flat sales levels at most Boston area restaurants.

Business-related dining was mentioned most often as the segment of the restaurant market that suffered in 1982. Operators reported that this was evident in lower luncheon and weekday dinner cover counts and was attributed by most to general economic conditions. Weekend evening dining remained fairly strong compared with the previous year. The recession affected tourism, as well as business travel. The Greater Boston Convention and Tourist Bureau reported that tourism was down approximately 4.4 percent in 1982, a decrease of 400,000 tourists.

Three new hotels opened in Boston in 1982, each with food and beverage facilities that compete with area restaurants. However, most operators see the hotels as generating more customers for restaurants rather than taking them away.

Menu prices increased at a modest rate in 1982; most operators did not exceed 5 percent. Stabilized food prices were credited with keeping increases down. The modest menu price increases combined with the declining cover counts produced sales levels comparable to those of 1981 at most restaurants.

Looking into the future, two concerns of area restaurateurs are the increased competition from chain operations and the shortage of trained labor in the industry. Despite these concerns, most feel confident and optimistic about the future with the area's continued redevelopment, hotel growth and the increased importance of Boston as a gateway city to Europe.

Peter D. Keim
F. Christopher Carney
Boston

From Chicago

Many of Chicago's restaurants and bars are busy adjusting menus and themes to follow trends in customer preferences and, in some cases, mimic successful operations. Many of these concepts—wine bars, fresh seafood, live-coal grilling and lighter Italian fare—originated in California and are rapidly entering the market. Other popular concepts feature high-quality American products prepared and served with European attention to detail. Barbecued ribs, always a Chicago specialty, are appearing more frequently in many of the finer restaurants.

Cover counts in Chicago generally declined in 1982, and a number of marginal properties were forced out of the market. However, high-quality, family-oriented restaurants are expected to exhibit strong growth in the remainder of the 1980s as the postwar baby boom generation raises its families.

Major foodservice corporations in Chicago are carefully evaluating real estate and financial markets in preparation for rolling out new chain ideas delayed by the recession. Recently, successful Chicago restaurants have been in prime downtown and suburban locations, especially new mixed-use buildings and shopping malls. Rapidly expanding downtown office space and residential development will create opportunities for a variety of food and beverage operations in the near future.

Mark Eble
Chicago

From Cleveland

The Cleveland restaurant industry continued to struggle through the recession in 1982 but managed to maintain stability throughout the year. Despite the overall stability, however, some segments of the industry experienced significant growth while others declined. The industry has experienced even greater fluctuation in profitability so far in 1983 with no apparent explanation.

The addition of new properties in 1982 was limited, except for some chains and theme restaurants. The Mexican theme is popular in Cleveland, and it will be up to area restaurateurs to formulate other popular themes to penetrate the area market effectively.

The more successful properties have been the newer restaurants (open five years or less). Their success has come at the expense of the older, established properties in the area. However, market share is expected to balance after the novelty of some of the newer properties has diminished.

Downtown Cleveland is undergoing revitalization, consisting of the addition of several major office buildings plus the opening of the Tower City concourse. The new development includes the new world headquarters building for SOHIO, which will offer both full- service and fast food alternatives when it opens in 1986. The new Tower City concourse renovation, which has fast food and specialty dining facilities, has generated new food and beverage activity in downtown Cleveland.

The attitude of the food and beverage industry in Cleveland is optimistic, and revitalization of the downtown area is a positive step. Slow economic recovery will hinder growth, but area restaurateurs can expect positive trends in the near future.

Terry Thomas
Michael Sturges
Cleveland

From Dallas/Fort Worth

The restaurant industry in the Dallas/Fort Worth area continued to expand in 1982 as a result of the area's healthy economy and aggressive commercial growth. Restaurant revenue increased almost 9 percent above that of 1981. The relatively young, affluent population in the area provides a dining public eager to try new restaurants. However, with a high per capita ratio of restaurants (second only to San Francisco), competition for restaurant patrons can be fierce. Many restaurants are offering discount coupons, two-for-one specials and other incentives to entice patrons to their establishments.

In Dallas, additional competition for patrons at the existing high-priced operations has come from new restaurants in the numerous recently opened luxury hotels. Many of these hotels have brought in master chefs from around the world who specialize in French, Continental or nouvelle cuisine. The dining public now has many high-priced restaurants from which to choose. Another new trend is the development of ethnic restaurants, featuring Italian, Thai, Ethiopian or Vietnamese cuisine.

In Fort Worth, new office and hotel construction and the revitalization of some historic buildings in the central business district have stimulated new restaurant development in that area. Another site of restaurant activity is the old Fort Worth stockyards. This area, with its link to the Old West, is being redeveloped. With numerous restaurant, hotel and retail projects, it is becoming a popular entertainment center for both local residents and visitors.

Positive growth trends in the restaurant industry are expected to continue as the area prospers. The various office developments under construction should attract more businesses and people to the area, which will promote growth in the foodservice industry. Moreover, the area's hotels and the expansion of the

Dallas Convention Center should increase convention activity and further support restaurant growth. In 1984, the Republican National Convention should bring residual benefits to existing, as well as new, restaurants in the area.

Norman Block
Margelia Jones
Dallas

From Denver

Denver continues to feel the positive effects of the influx of high technology industry firms to the Rocky Mountain Region. This industrial migration has spurred both population and employment growth in the area, presenting positive opportunities for area restaurateurs. Existing restaurants are prospering, and there is extensive new restaurant development. Denver's population increased 30.8 percent during the last decade, with 65 percent of the growth from migration within the U.S. These people are bringing their dining preferences with them. The result is that Denver restaurants are becoming stronger in both quality and sophistication.

The completion of major commercial, retail and hotel construction downtown, and completion of the 16th Street Pedestrian Mall have added many sophisticated luncheon and dinner establishments to the restaurant scene in the past year. Growth also continues along the southwest traffic corridor in the Denver Tech Center area.

Despite this strong growth, Denver continues to be primarily a market of independent restaurant operators. While Denver imports many of its restaurant concepts from Chicago and California, the lack of popularity of chain concepts may be attributable to a strong feeling of personalized and "neighborly" service and attention.

Restaurant activity in downtown Denver exemplifies the area's explosive growth. The number of restaurants downtown, including those in hotels, has doubled to about 60 since mid-1980. During 1982, 14 new restaurants opened downtown, and another two dozen could open in the area within the next three years. With few exceptions, recently surveyed restaurateurs said that the downtown restaurant sector is not overbuilt. Indeed, many said they would welcome the addition of more dining spots, trading the new competition for the benefit of having a thriving downtown restaurant community that brings more customers to all.

In the suburban areas, the typically heavy dinner business has been supplemented by a growing luncheon trade resulting from rapidly developing office buildings and parks and an increasing employment and population base.

The changing style and composition of the area's population is resulting in the continued growth of specialized ethnic food operations. Most of these are developed by private entrepreneurs and are owner operated. Despite the increase in competition, area restaurants are feeling the upswing of the economy and are experiencing growth in sales and cover counts.

Overall, with the anticipated increases in tourism, convention traffic and high technology companies, immigration of and continued growth in the number of younger, affluent, skilled individuals, the future looks promising for restaurant growth in the Denver area. However, with the stiff competition, those operations that will be most successful are those that can clearly define their target markets and effectively promote their concepts while providing a high level of customer satisfaction. Increased competition has stimulated the importance of customer awareness for area owners and managers, resulting in increased owner and managerial visibility as they interact directly with their customers. Management is working with employees to increase their awareness of giving good service. This increased marketing effort, plus the effective control over operating costs, is essential in this highly competitive restaurant environment.

Steve Wagenheim
Denver

From Houston

During 1982, the economy of Houston and most of the surrounding Gulf Coast region was affected negatively by the devaluation of the Mexican peso and the decrease in demand for oil- and gas-related products. After August 1982, some area restaurants reported that sales volumes were off by up to 35 percent compared with 1981 levels. Those operations experiencing the most growth reported sales volumes up only 4 to 5 percent over 1981 levels, with 1 to 2 percent reflecting menu price increases.

The sector most affected by these changes in demand was the Galleria in west Houston. High end retail, lodging and restaurant development historically has been supported primarily by corporate travelers doing business with area oil and gas corporations and by wealthy Mexican visitors who traveled to the Galleria to shop or spend mini-vacations.

New restaurant development, however, is occurring in several sectors in the Houston area. About 185,000 square feet of retail space will open in fall 1983 as part of an 860,000-square-foot office project known as The Park, located within Houston Center, a relatively new mixed-use development on the east side of the central business district. A quarter of this retail space will be dedicated to restaurant development of all varieties. These new food and beverage operations have been needed in the downtown area for several years.

Other new restaurant development is occurring in the outer suburbs. These new operations generally are moderately priced and targeted for the young professional market.

Susan Orinsby
Houston

From Kansas City

Many operators in the Kansas City restaurant industry reported that sales remained stable or increased only slightly in 1982 as a result of the recession. A combination of lower customer counts, reduced disposable income and a general reluctance by operators to raise menu prices contributed to the situation.

Despite the general softness, successful upscale, market-oriented restaurants realized sales gains, which encouraged some new development in 1982 and spurred future development.

On the cost side, payroll and related expenses continued to rise fueled by the increase in social security taxes and other employee benefits, particularly health insurance premiums. Another factor was the lower than traditional employee turnover rate, reflecting employees' aversion to job hopping during a period of high unemployment. This resulted in greater seniority of staff and higher average wages and salaries. A moderate 3 to 4 percent annual rise in the cost of food purchased continued to benefit operators in controlling food costs and menu prices. Utility expenses and repair and maintenance costs increased at higher rates than the consumer price index, affecting profits, particularly for lower volume operations.

In the downtown area, the Galleria, a proposed office and retail complex, and a 574-room hotel, scheduled to open in late 1984, should add significantly to the area's restaurant and lounge supply. At Crown Center, a mixed-use office, hotel, residential and retail development located downtown, the traditional fast food establishments in the shopping mall were replaced by a collection of nine food outlets that reflect the new American cuisine and include a fresh pasta shop, a French bakery and an upscale deli. A restaurant featuring Continental cuisine also opened in Crown Center in early 1983.

Restaurants and bars at the Plaza, a premier retail, commercial, residential and entertainment district in the midtown area, continued to experience a general increase in traffic and sales. The Plaza attracts a vibrant mix of mid- to upper-income professionals, singles, families and visitors to Kansas City who enjoy the atmosphere of this unique outdoor shopping mall.

The more than 20 restaurants and bars in the restored Westport district continue to attract a predominantly "singles" crowd. A sports-oriented bar (complete with a stock-market-style scoreboard that displays up-to-the-minute scores and information) that opened in 1982 attracts many of Kansas City's professional athletes.

In southwestern suburban Kansas City, rapid commercial and residential growth has sparked restaurant and hotel development. Proposed development of several million square feet of office space and the opening of several new hotels in 1984 and 1985 should stimulate further growth in suburban restaurant development. Many national or regional chains (both fast food and full service) recently have opened outlets in this market.

The high-income residential base in the southern suburban area, comprising Johnson County, Kansas (one of the top 10 counties in per capita income in the United States) has long been attractive to restaurant developers. However, Kansas State legislation requiring club membership to purchase alcoholic beverages has discouraged both development and sales. As a result, restaurants on the Missouri side (Missouri has no restrictive liquor laws) have enjoyed a disproportionate market share in the past.

Although many restaurants experienced soft demand in 1982 because of the recession, operators expect the upturn in the economy to stimulate increased demand for existing area restaurants, as well as new developments planned for the next two to three years. The Kansas City area should continue to experience restaurant expansion as major fast food chains expand their presence in the area.

Marc Schwartz
Kansas City

From Los Angeles

Customer counts in area restaurants continued to fall, decreasing about 6 percent between 1981 and 1982 compared with a 5 percent decline betweeen 1980 and 1981. However, check averages increased approximately 9 percent in 1982. Despite decreased numbers of customers, many restaurant operators were able to reduce food and beverage costs, resulting in increased profits compared with 1981 performance.

The slowing of expansion activity that began in 1981 continued into 1982. Emphasis was placed instead on refining concepts and product offerings to increase penetration of target markets, controlling costs and reducing or eliminating nonessential functions.

To motivate and retain unit managers, many restaurant chains are using performanced-based compensation programs with excellent results. Providing managers with essential support also has become increasingly important. For example, one restaurant chain equips each unit manager with a minicomputer to do menu explosions and make timely comparisons between actual food costs and food cost targets.

The popularity of "gourmet emporiums" continues to grow. In addition to wines and a variety of salads, pâtés and baked goods prepared for consumption on and off the premises, these deluxe delicatessens now offer difficult-to-prepare ethnic foods that are partially prepared and can be cooked later in the home. Located primarily in upper- and middle-income areas, these gourmet establishments are expected to increase their penetration of the traditional restaurant market.

With its growing population, Los Angeles is expected to continue as a strong restaurant market. The diversity of ethnic groups, cultural preferences and income levels should sustain the city's effectiveness as a test area for unique, creative restaurant concepts.

David Kinkade
Nancy Mootz
Los Angeles

From Miami

With reductions in overall tourism to South Florida, 1982 was a generally "soft" performance year for both a la carte and specialty operators. Hotel restaurateurs also have indicated a slowing of average check levels and cover counts. Reductions in both travel and spending among Latin American tourists appear to be the primary contributor to the relatively poor performance.

However, area fast-food operators have maintained performance with several new concepts. Major menu, marketing and physical plant adjustments are being tested by a giant fast food chain based in the Dadeland area of Miami. Major new retailing centers have been developed recently in both Dade and Broward Counties, generating a new breed of fast food operations. Several chicken houses have been well received, with many additional units under construction.

The outlook for a la carte dining (outside the major regional malls, where most sit-down operators are maintaining last year's performance) is cautious. Without major improvement in tourism, many operators are expecting a slow off-season with only moderate gains. However, fast food operators are expanding to meet local demand needs, fueled by continued population growth and increases in the buying power of South Florida residents.

M. Chase Burritt
Miami

From Minneapolis/St. Paul

The closing of one of Minneapolis' oldest and finest dining establishments in 1982 marked the end of an era. This was just one of the area's landmark restaurants to close its doors during the last year as a result of difficult economic conditions, urban renewal, change of ownership and changing customer preferences.

To counteract the closings, a wide variety of new restaurants opened, introducing residents and visitors to everything from an elegant meal in a restored turn-of-the-century hotel to a genuine egg-cream at a 1950s-motif diner in Edina. Nationally recognized operations have successfully introduced their popular restaurants and lounges to the Twin Cities in the past year. The recent trend toward video pizza parlors and Mexican cantinas has shifted toward the cuisine and atmosphere of Northern Italy.

Many new independent restaurants have become natural anchors for the Twin Cities' numerous historic restorations. These food and beverage operations, including retail confectionaries, fast food stands and full-service restaurants, not only serve the clientele of these multi-use centers but also attract customers to the centers. St. Anthony Main on the Mississippi River, Butler Square in downtown Minneapolis and Victoria Crossing in St. Paul are examples of this concept, housing numerous successful food and beverage establishments. Riverplace, Calhoun Square and Galtier Plaza, slated to open in the coming year, are similar developments that will offer residential, office, retail and restaurant space.

A major fast food chain chose Ridgedale regional shopping mall as a test market for its new mini-outlet concept this year. This indoor, walk-up outlet offering only finger foods, beverages and desserts to mall shoppers is the first new concept tested by the chain in many years.

Local restaurateurs, who may experience lean times during the long, cold winter, are expanding their efforts to capitalize on the limited warm season. Outdoor dining has recently appeared throughout the Twin Cities as a means of increasing sales and customer counts. New York-style street vendors in the downtown area further capitalize on the public's desire to dine al fresco.

The skyway systems in downtown Minneapolis and St. Paul are major hubs of restaurant activity and development. The skyways are used by downtown workers and shoppers almost exclusively in the winter months and also heavily during the summer, creating a virtually captive market for the numerous food and beverage outlets located there. Because access to these outlets often is determined by the buildings' hours, breakfast and dinner patronage is limited while short, high-volume lunch periods are the norm. Minimal weekend traffic provides these operators with a restaurateur's dream: a 40-hour workweek, no weekends.

City-wide sales from hotel restaurants and banquet space increased 0.7 percent for food and decreased 5.4 percent for beverages. Properties in downtown Minneapolis and Bloomington achieved food sales increases while declines in beverage sales were practically universal. This is partially attributable to a better-informed public that is less willing to accept historically high wine markups. A 5 percent decline in the number of covers served was offset by an estimated 7 percent increase in the average receipt per food cover in 1982.

Michael Branigan
Ellen Goldfine
Minneapolis

From New York

In recent years, New York restaurateurs have been concerned primarily with food and labor costs. In 1983, however, the primary problem is volume.

In fast food and medium-priced restaurants, customer counts generally are 5 to 10 percent lower than in 1982. However, many of the established restaurants (most with average food checks per cover in excess of $50) are experiencing the highest cover counts ever, and frequently are "sold-out" a week in advance.

Restaurants in many areas of the city are subject to volume fluctuations. Such uncontrollable factors as what is happening on Broadway, the value of the dollar relative to other currencies, hotel occupancy and the volume of sales at the major department stores have an impact on restaurant volume. Through 1982 and early 1983, all of these factors were unfavorable. Broadway has been having its worst year since 1973-74. This, combined with the high price of tickets ($35 to $50), has seriously affected patronage at most restaurants in the theatre district. Fewer people are attending shows, and many of those that do are hesitant to add the cost of a dinner to the cost of a play. Hotel occupancy has declined in each of past three years (from 82.5 percent in 1979 to 71 percent in 1982). The strong dollar has affected tourism. With its volume of international visitors (80 percent of overseas visitors to the U.S. travel through New York), the city reacts more strongly to this factor than other U.S. cities do. Retail sales at many of the major department stores have shown no real growth in the past two years, and so far have lagged behind other indicators that show recovery.

In response to these trends, restaurants have become more aggressive in merchandising. Strategies include two entrées for the price of one, complimentary drinks, table d'hôte meals (all courses inclusive of one price), complimentary hors d'oeuvres during cocktail hours, coupons, entertainment, special sales programs, new awnings and so on. Most operators speak of these programs as a way of minimizing losses in volume rather than increasing business.

Almost all restaurants now use electronic cash registers, and many are just beginning to appreciate the information some of the systems can provide. Unfortunately, many operators we spoke with indicated dissatisfaction with service and support for the ECRs.

The outlook for the end of 1983 is brighter. Most operators are observing some slight improvement in business and believe that increases will be more dramatic as the economy continues to recover.

Bjorn Hanson
New York

From Northern California

The foodservice industry in San Francisco and the Bay area continued on an upward swing in 1982, and the consensus is that the outlook for customer spending in 1983 is relatively bright. We attribute this positive trend to increases in the numbers of working women, single-person households and people in the 25 to 44 age group; the need for convenience (an important factor in the public's eating habits and the reason for the success of fast food operations in this area), and an increased desire for leisure time.

Regardless of this positive trend in customer spending, restaurateurs must meet the challenge to control costs to maintain acceptable bottom lines, attract and train qualified personnel and present an overall picture of quality to customers.

To upgrade their offerings and at the same time show a profit, restaurateurs in San Francisco implemented some old and some new ideas in 1982, including dual retail concepts (restaurants combined with book stores, bakeries, wine shops and delis); new menu items that complement the original concept; health foods, and finger foods. In addition, many initiated promotions involving games and a variety of merchandise. Earnest marketing efforts seemed to have paid off, as 1982 sales were higher than those reported in 1981. Further, 1983 results to date indicate a continuing upward trend in sales.

The area foodservice industry has returned to more product-oriented promotions that stress value. A variety of walk-up establishments that offer fast, convenient meals at a moderate price, appealing to the economy-conscious working force, have appeared in San Francisco's financial district.

Tourist-oriented restaurants did not fare as well in 1982 as in previous years because of a decline in San Francisco's tourist volume. Motel restaurants experienced the least growth of all restaurant types, attributable to the public's tendency to stay with friends rather than in motels when traveling and a decrease in vacation travel.

In 1984, San Francisco is looking forward to upcoming events, such as the Democratic Convention, the "return" of cable cars and "spillover" from the Olympic Games in Los Angeles, that promise to cause an upsurge in tourism and increase business for foodservice operators.

Susan Kennedy
San Francisco

From Philadelphia

The Philadelphia restaurant industry continued to be affected by the prolonged recession throughout most of 1982. Symptoms that were noticed by many restaurant operators included declines in both customer counts and average checks. Although the changes in these indicators generally have been attributed to the recession and related resistance to menu price increases, other factors have contributed to these trends. Among these are changing consumer tastes, which are reflected, for example, in a reduction in the frequency of orders for appetizers, desserts and other add-ons. Of equal importance is the resilience of the Philadelphia restaurant developer's entrepreneurial spirit. New restaurant openings have created pockets of increased competition throughout the area for a relatively fixed total number of dining-out occasions.

The summer-long celebration of Philadelphia's 300th birthday, including such special events as the arrival of the Tall Ships, resulted in increased tourism in 1982. This benefited many restaurants, helping to offset the poor results of the early part of the year, which had been affected by severe winter weather. Outside the Philadelphia area, the impact of the 300th birthday celebration was less pronounced, although many parts of Pennsylvania did benefit as vacationers took advantage of this attraction to schedule tours of other parts of the state as well. Otherwise, restaurateurs outside of Philadelphia reported the same trends: increased competition, sensitivity to menu price increases and declining customer counts through most of the year, with a barely discernible upward trend toward year-end as economic conditions improved.

The opening of a new hotel in Philadelphia and the renaming of another, accompanied by an upgrading of its foodservice facilities, represent the most significant events in the hotel restaurant scene in Philadelphia in 1982. The 1983 openings of two additional hotels will continue this trend of increased availability and sophistication of hotel restaurants in the Philadelphia area.

Geoffrey Kirkland
Philadelphia

From Phoenix

Phoenix continues to be a highly desirable test market for new product development because of the dynamics of its expanding population. During 1982, the Phoenix area restaurant industry experienced strong growth (11 percent) despite the effects of the recession.

Although the major chains continue to select Phoenix for new market product testing, independent restaurateurs are doing quite well emphasizing specialty and ethnic dishes. Following the trend that surfaced in Southern California last year, the gourmet emporium concept is prospering in the Valley.

Particularly strong growth areas appear to be along the Camelback corridor in Phoenix, the expanding tri-city area of Tempe, Chandler and Mesa, and the affluent residential areas in north Scottsdale and Carefree.

The area's restaurant industry experiences a seasonality pattern comparable to the lodging industry, with the period from January through May being exceptionally strong. As the economy recovers, we expect the restaurant industry in general to experience substantial growth, with independents continuing to capture a larger share of total restaurant revenue.

Gary B. Hedges
Brian Wilson
Phoenix

From St. Louis

St. Louis restaurateurs experienced mixed results throughout 1982 and the beginning of 1983. Effects of the prolonged national recession virtually offset modest increases in menu prices as many operators reported declining customer counts.

Despite comparatively soft convention activity during 1982, many of the nationally-known fine dining establishments in downtown St. Louis were successful in maintaining business levels as a result of their reputations for excellence, tourist-generating events such as the Veiled Prophet Fair and the success of the St. Louis Cardinals.

In addition to substantial commercial office development downtown, there are two major retail projects under construction that should have a positive impact on the area:

- St. Louis Centre, a 1.47 million-square-foot retail mall and parking garage that combines new construction with existing retail facilities.
- The redevelopment of historic Union Station (by Oppenheimer Properties of New York and the Rouse Company), which will include approximately 200,000 square feet of commercial shops and kiosks and a 550-room hotel.

Laclede's Landing, located directly east of the central business district along the Mississippi River, continues to prosper as a major entertainment area. Many of the approximately 16 food and beverage operations in this redevelopment area are managed by established restaurateurs who have successfully maintained profit margins despite recessionary pressures. Owners and operators indicate that the construction of a major hotel in Laclede's Landing is still an important development objective.

Many contemporary pubs and cafes have opened in the central west end (located in midtown St. Louis) as a result of the area's continuing popularity as a residential district for young professionals.

The area known as "The Hill," located in southern St. Louis, has long been admired for its Italian cuisine, ranging from fine dining establishments to informal neighborhood taverns featuring bocce courts. Crowds attracted to the recently renovated "Fabulous Fox" Theatre have generated additional business for restaurants in this area and other independent midtown operations.

Continuing the trend established last year, the highest concentration of new restaurant activity has occurred in western St. Louis County as a result of the increasing numbers of two-income families, young professionals and transient singles who reside in the surrounding communities. In addition to the many national restaurant chains represented in this area, a St. Louis-based Mexican-theme concept continued to expand throughout 1982.

The rapid population and housing growth in St. Charles County, Missouri has led to substantial new restaurant development, predominantly within the medium-priced and fast-food market segments. This growth is expected to continue as new home buyers are attracted by the alternatives to high-priced houses typically located within St. Louis County.

Felix Cacciato
St. Louis

From Seattle

There was relatively little growth in the Seattle area's restaurant industry during 1982, largely because the economy of the Pacific Northwest did not improve significantly.

The opening of five first-class hotels during 1982 increased the number of restaurant outlets in the downtown sector. In total, these hotels offer six fine dining restaurants, three casual restaurants and seven lounges and limited service facilities. The Space Needle, a Seattle landmark since 1962, reopened after extensive renovation. It now has two restaurants and a seasonal banquet facility.

Menus were changed in 1982, with many area restaurants placing more emphasis on a la carte items. Local restaurant operators also appear to favor smaller portion sizes using top-quality ingredients. Restaurants appealing to the price-conscious patrons in Seattle are still faring well with the popular technique of low average food checks and high liquor volume.

The outlook for the restaurant industry in Seattle is good, especially in the downtown area. The city is planning a major convention and trade center downtown to be completed by 1987. Six major office structures with a total of more than 3.1 million square feet of space are under construction in Seattle's central business district. The Seattle waterfront is undergoing significant change as well, with retail, commercial and residential developments underway.

We expect slow growth in the restaurant industry to continue in Seattle, accelerating as the national economy rebounds and as major area developments are completed.

Andrew N. Olsen
Craig S. Schafer
Seattle

From Tampa

Despite the national recession, the Tampa Bay restaurant industry remained healthy in 1982. Restaurant sales in the area increased approximately 15 percent in 1982 compared with 1981, and the number of licensed restaurants increased about 5 percent.

Representatives of restaurant companies that have operations in Tampa report that the area's primary attributes are the availability of reasonably priced sites, the lower cost of labor and taxes, and a growing population base. Based on these advantages, which are expected to continue, restaurant growth in Tampa should remain strong.

The primary areas of greater Tampa where future restaurant development is expected to occur include:

- *Downtown Tampa* — The $1 billion development of Harbour Island, a mixed-use project that will include mid-rise office towers, specialty retail centers, condominium units and a hotel, is expected to draw numerous new restaurant operations. City planners encourage any development that will enhance downtown activity, and as a result of this prodevelopment attitude, several major mixed-used projects have been announced.
- *Airport/Westshore* — This area, considered Tampa's second downtown, contains most of the city's first-class office space, which provides the customer base for relatively high-priced restaurants.
- *North Tampa* — During the past few years, this area, which has a strong and expanding residential base, has been Tampa's fastest growing restaurant market.
- *East Tampa* — The expected completion of the Interstate 75 bypass, planned for 1986, has spurred a tremendous amount of industrial, office, retail and residential development in this area. During the next several years, this should be one of the most active markets in the Tampa Bay area.

As Tampa continues to be one of the fastest growing cities in the country, it is anticipated that existing and new restaurants will have an excellent opportunity to prosper.

Steve Mendell
Tampa

From Washington, D.C.

An analysis of 1982 tax receipts reported by restaurants in the District of Columbia indicates that total eating and drinking establishment sales remained relatively stable compared with 1981. This is partially attributable to a decline in the number of persons traveling to Washington in 1982. However, the presence of the Federal Government, the continued expansion of the commercial base, the increasing population and the attraction of foreign and domestic travelers for both business and pleasure continue to support a wide variety of restaurants throughout the area.

Approximately 2.8 million square feet of office space opened in the District of Columbia in 1982. An additional six million square feet of space is under construction and scheduled to enter the market within the next two years. Development activity in the downtown area includes several major mixed-use projects situated along the city's rapid transit system and the restoration of the traditional downtown retail core.

A major development that is expected to benefit both downtown hotels and restaurants is the new Washington, D.C. Convention Center. The center, which opened in January 1983, is projected to attract major conventions to the city that previously could not have been accommodated. Consequently, a significant increase in the number of out-of-town visitors is anticipated for the next several years.

Because of the expanding concentration of commercial, residential and retail developments, the projected impact of the new convention center and the gradual recovery from the recession, Washington restaurant sales are expected to rise in 1983. A number of new restaurants opened in the area in 1982, including two fine dining establishments. One, located in Georgetown, was developed by an established Chicago-based restaurant organization and is noted for its fine beef entrées. The other (located in the Dupont Circle area) features international cuisine and is affiliated with restaurant operations in Bermuda and London. After a brief closing, another popular restaurant will reopen soon in the expanding K Street business district.

In addition to recent downtown developments, several suburban office centers are becoming increasingly popular with research and development firms that are either expanding within or relocating to the Washington area. Development of these centers is enhanced by the accessibility provided by Washington's rapid transit and highway system. A variety of eating and drinking establishments have been developed in these expanding suburban centers. They enjoy business from commercial sources during the day and patronage from the area's residents in the evening. The continued growth of the commercial suburban markets should provide additional opportunities for restaurant development in northern Virginia and suburban Maryland.

The diversification of development activity, both downtown and in the suburbs, and the increasing popularity of the city as a tourist and convention destination suggest a positive outlook for the metropolitan Washington restaurant industry in 1983.

James C. Fisher
Douglas W. Henry
Washington, D.C.

Explanation of Terms

Median—lower quartile—upper quartile

In a column arranged in regular sequence from high to low, or vice versa, the median is the middle figure. In the case of operating results, this means that half the restaurants represented had better results than the median and half had poorer results.

The lower quartile is the dividing point between the lowest quarter and the upper three-quarters of the group. The upper quartile is the dividing point between the highest quarter and the lower three-quarters of the group. Thus, the lower quartile, median and upper quartile divide a series of figures into four equal parts. The results of the middle half of the restaurants fall between the lower and upper quartiles.

Food sales

This category includes revenue derived from the sale of food in the restaurant. Food sales also include the sale of coffee, tea, milk and fruit juices, which usually are served as part of a meal. If there is no service of liquor, beer or wines, the soft drink sales also would be included in this category.

Beverage sales

This category includes revenue from the sale of wine, spirits, liqueurs, beer, ale and soft drinks. These sales do not include coffee, tea, milk or fruit juices, which normally are served with meals and, therefore, are considered food.

Payroll

This category includes the regular salaries and wages, extra wages, overtime, vacation pay and any commission or bonus payments made to employees. The entire restaurant payroll generally is included under this category.

Direct operating expenses

This category includes expenses directly involved in providing service to the customer. Such things as uniforms, laundry, linen, china and supplies are examples of direct operating expenses.

Advertising and sales promotion

This category includes all costs incurred in the maintenance, creation or promotion of sales in the restaurant.

Administrative and general expenses

This group of expenses is commonly considered "overhead," and includes items that are necessary to the operation of the business rather than those connected directly with the service and comfort of the customer. Examples include office supplies, telephone costs, general insurance and professional fees.

Occupation costs

These expenses, together with interest and depreciation charges, are the costs of readying the premises for operations. These are sometimes called "fixed charges" since they usually are determined by the financial setup of the restaurant and not by the trend of its business. Rent, taxes and property insurance are occupation costs.

Analyze Your Operation

A periodic analysis of your restaurant's financial performance may provide some early warning signs of potential problems. Food costs or payroll may be inching up month by month. Some controllable expenses could be increasing while others are decreasing.

Day-to-day changes in your costs may be small and could go unnoticed. However, examination on a regular basis could uncover undesirable trends, allowing you to take corrective action and control situations that could lead to a crisis. That is the key to effective management.

To help you toward better management, we have included on the following page a worksheet designed to help you analyze how well your restaurant is doing in comparison with the rest of the industry. Follow these simple instructions for completing the worksheet:

1. Enter your financial data in the first column.

2. Compute the percentages for column 2 by dividing the amounts by total sales. (Note—Where food and beverage sales are broken down separately, compute percentage of food cost by dividing cost of food by food sales; for the beverage cost percentage, divide cost of beverage sales by beverage sales.)

3. Calculate the supplementary statistics in accordance with the formulas given.

4. List the appropriate comparative percentages or ratios from this report in column 3.

5. Compute the variances by dividing the difference between the figures in column 2 and column 3 by the figures in column 3. Multiply the result by 100 to express the variance as a percentage.

6. If the variance is greater than plus or minus 10 percent, further analysis should be made to determine the reason for that variance.

WORKSHEET

Complete and Compare
Statement of Income and Expenses

	Your Figures (Dollars)	Your Figures (% of Sales)	Restaurant Industry Report	Variance + or –
Sales				
Food	$	%	%	
Beverage	$	%	%	
Total sales	$	%	%	
Cost of sales				
Food	$	%	%	
Beverages	$	%	%	
Total cost of sales	$	%	%	
Gross profit	$	%	%	
Other income	$	%	%	
Total income	$	%	%	
Controllable expenses				
Payroll	$	%	%	
Employee benefits	$	%	%	
Direct operating expenses	$	%	%	
Music and entertainment	$	%	%	
Advertising and promotion	$	%	%	
Repairs and maintenance	$	%	%	
Total controllable expenses	$	%	%	
Income before occupation costs	$	%	%	
Rent	$	%	%	
Property Taxes	$	%	%	
Other Taxes	$	%	%	
Property Insurance	$	%	%	
Income before interest and depreciation	$	%	%	
Interest	$	%	%	
Depreciation	$	%	%	

Supplemental Operating Information	Your Figures	Restaurant Report	Variance + or –
Sales per seat			
Food	$	$	
Beverage	$	$	
Total	$	$	
Average receipt per cover (total sales ÷ covers)	$	$	
Daily seat turnover (covers ÷ seats ÷ 365 days)	times	times	
Index of productivity [sales ÷ (payroll + benefits)]	times	times	

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NATIONAL
RESTAURANT
ASSOCIATION

Restaurant Industry Operations Report '84

For the
United States

Prepared in cooperation with

LH Laventhol & Horwath
Certified Public Accountants

1984 Edition

RESTAURANT INDUSTRY OPERATIONS REPORT '84

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To the Reader:

Restaurant Industry Operations Report '84 is based on financial and operating data provided by members of the National Restaurant Association. The data analysis and compilation were performed by the national accounting and consulting firm of Laventhol & Horwath (L&H) and the report was published in conjunction with the National Restaurant Association (NRA). Approximately 1,110 questionnaires were received from restaurant operators, and 828 were used as the basis for this report. This unique study of the operating results of restaurants in 1983 includes specific financial information on full and limited menu tableservice restaurants, operators with no tableservice (fast food) and cafeterias.

The data have been compiled on the basis of type of restaurant, location, affiliation, years of operation, sales volume, menu theme and other significant categories. Separate sections of the report cover the analysis of those restaurants that serve food and of those serving food and alcoholic beverages.

Generally, operating results are expressed as amounts per restaurant seat and ratios to total sales, the most common bases used in the industry. The amounts and ratios in the exhibits and text are the medians and upper and lower quartiles of those reporting the data, unless otherwise noted. They are intended to be used as guidelines, not as standards or goals. They are not an attempt by the NRA or L&H to set or conform prices or operating ratios for the industry. The results of the operations studied can become a basis for comparison with your operation by using the worksheet in the back of the report and the appropriate figures from the schedules. We believe that evaluation of the variances revealed by that comparison can be helpful.

We sincerely appreciate the cooperation of those restaurant operators who supplied complete data for their restaurants, making this study possible. The participant base of this report is significantly higher than in the past, making the figures presented more representative of the foodservice industry. We also thank the personnel of L&H who contributed informative comments on the restaurant industry in their regions.

National Restaurant Association
Harris O. Machus
Chairman of the Board and
President

Laventhol & Horwath
John D. Lesure, Partner
Director of Research and
Development

EXPLANATORY NOTES

Readers should be aware that the operators who participated in this study are not identical with those who participated in prior years' studies. This makes comparisons with previous data difficult because reporting ratios can be vastly different. However, comparisons of the information in past reports may be useful in identifying certain financial trends.

Again this year, medians and quartiles are used extensively in data presentation. Medians are the middle values of all amounts calculated for a particular item when placed in sequential order. Half of all values reported are below the median and half are above. Readers should be aware that medians are calculated only from respondents reporting information for every specific line item. To provide readers with a better understanding of the range of reported values, lower and upper quartiles are also presented. These are the midpoints of each group bounded by the median. In other words, the sample is broken into four equal parts when arranged in sequential order. The lower quartile divides the sample into the lowest quarter and higher three-quarters of the sample; the upper quartile divides the sample into the highest quarter and lower three-quarters of the sample. Readers should be aware, however, that columns composed of medians and quartiles may not add to the totals shown in the exhibits of this report, because all participants did not respond to every line item.

This is the second year that detail of controllable expenses, such as direct operating, advertising, utilities, administrative and general, and payroll expenses, are not provided. To increase sample size, we eliminated detailed questions about these expenses from the questionnaire. This revision helped us to achieve a well-distributed large sample size.

The charts on pages 9 and 41 of this report provide a breakdown of the restaurant industry dollar in 1983 and 1982 for food only restaurants and food and beverage restaurants. It is important to note the separation of these source and revenue dollars since the operating results differ significantly on various accounts according to the type of operation. For this reason, it also is important to compare operations under the appropriate section of this report. The ratios provided in these charts are calculated using weighted averages and therefore show different results than the detailed exhibits in each section, which present medians and quartiles. Each item is weighted to reflect the total sample size.

THE FOODSERVICE INDUSTRY

The foodservice industry, including the commercial restaurant segment, is a large and diverse business. For example:

- Industry sales will be $163 billion in 1984.
- There are some 560,000 foodservice places in the United States.
- More than eight million people are employed in the industry.
- One-fourth of the industry's employees are teenagers and two-thirds are women.
- About 80 million customer transactions occur every day in commercial eating establishments.
- Nearly 40 cents of the average consumer's food dollar goes to meals away from home.
- The typical person purchases meals away from home 3.5 times a week.

The outlook for this very important industry is good. After suffering many negative effects from the 1980 and 1982 recessions, the industry is poised for a period of more steady growth.

The economic climate in 1984 is healthy, and the recovery from the severe 1982 recession continues to be robust. This is good news for the foodservice industry. The National Restaurant Association expects real sales (adjusted for inflation) to increase 4.1 percent in 1984, versus 1983's growth of 3.7 percent. In addition, continued economic gains, rising personal incomes and beneficial demographic and lifestyle trends will have a positive effect on the industry in 1985 and beyond.

Sales for commercial restaurants (eating places, contract feeding, hotel/motel restaurants, retail hosts) have increased steadily in the past few years. In 1984, sales for the commercial segment are predicted to reach $139.6 billion, up from $127.7 billion in 1983 and $117.4 billion in 1982. Real sales have grown significantly in 1983 and 1984. Inflation-adjusted sales should rise 4.7 percent in 1984 compared with gains of 4.3 percent in 1983 and 1.3 percent in 1982.

Restaurant operators now find themselves in an excellent position to meet the challenges and opportunities facing them in 1984 and beyond. Consumer needs and desires along with operator plans to find profitable market niches will be the major forces behind the changes in the industry in 1984. For example:

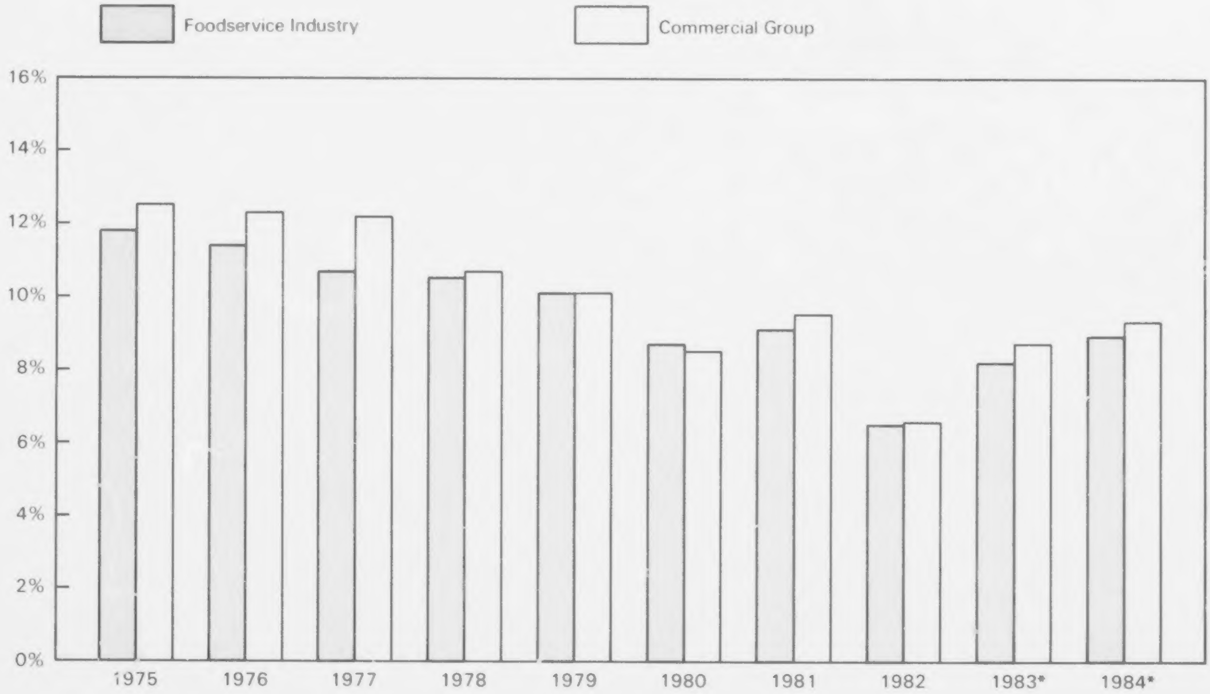
- Restaurateurs will be adding new items to their menus to take advantage of the consumer's interest in health and nutrition and desire for ethnic foods.
- Restaurateurs will be redecorating their establishments in response to changing demographic patterns. Fewer children and an aging population will result in a more adult atmosphere.
- Restaurant operators will be taking traditional fast-food concepts and repositioning them as upscale restaurants.
- Operators will strive to provide quality food and service at a fair price in response to consumers' interest in quality and value.
- The focus of restaurant advertising and promotions will be changing. Market segmentation and brand differentiation will play larger roles than in past years.

Restaurant owners and managers will continue to search for ways to increase sales and profits in 1984. Increased emphasis on take-out meals, initiating a retail outlet for selling signature baked goods, condiments and entrees and promoting special priced menu items during off-peak hours will be prevalent in 1984. And, as in prior years, restaurateurs will continue to focus on controlling costs and increasing worker productivity. Operators who can minimize their menu price increases and maintain quality food and quality service will be more successful in maintaining and increasing traffic counts and sales.

Restaurateurs have become more knowledgeable about their customers, and in 1984 they will be finding ways to put this knowledge to work for them and to take advantage of the changing operating environment. They will be focusing on meeting patron expectations by providing good food, friendly service and value for the dollar.

Research and Information
Service Department
National Restaurant Association

Foodservice Industry Dollar Sales, 1975–1984
(Percent Change, Current Dollars)

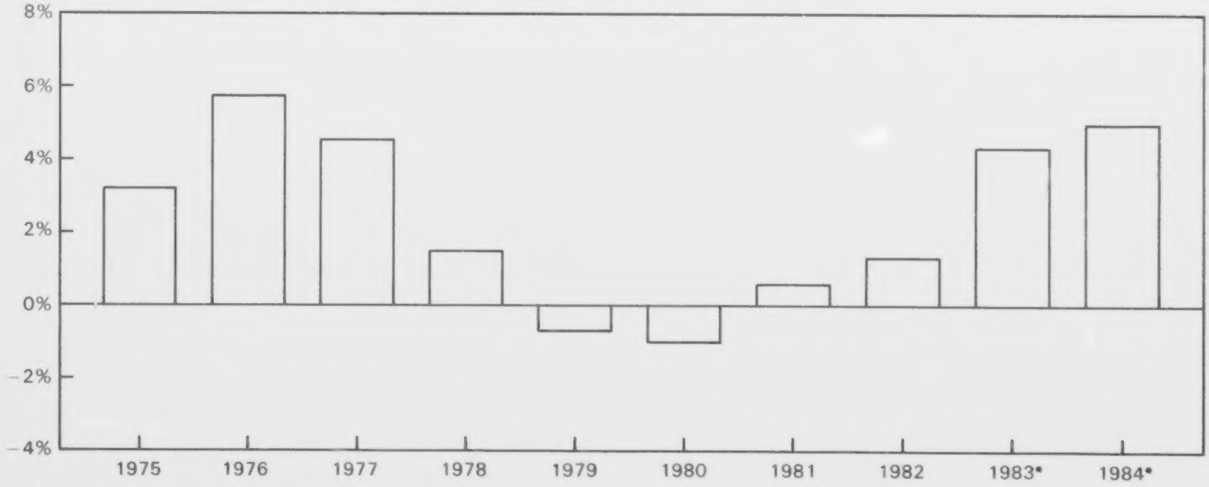


*Estimates.

NOTE: Foodservice industry sales include all meal and snack sales at commercial restaurants, institutional organizations, hotel/motel restaurants and food contractors. Commercial group sales include all meal and snack sales at commercial restaurants, food contractor outlets, hotel/motel restaurants and retail host restaurants.

SOURCE: National Restaurant Association.

Commercial Restaurant Sales, 1975–1984
(Percent Change, Constant Dollars)



*Estimates.

NOTE: Commercial restaurant group sales include all meal and snack sales at commercial restaurants, food contractor outlets, hotel/motel restaurants and retail host restaurants.

SOURCE: National Restaurant Association.

THE RESTAURANT STUDY
OPERATING RESULTS OF RESTAURANTS—1983

by Randell A. Smith
Research & Development Division
Laventhol & Horwath

Introduction

For the second consecutive year, more than 900 concerned restaurant operators throughout the country participated in this in-depth analysis of restaurant operations. This industry-wide support has provided us with a sample sufficiently diversified to perform analysis on segments of the industry not before possible. It is our hope that in future years this support will continue to grow enabling us to expand the analysis to cover a wider range of categories.

The restaurants participating in this study represent a broad cross section of the foodservice industry. In most cases comparisons between categories can be made with *Restaurant Industry Operations Report* '83. However, there are a few additions to this report that cannot be compared with past reports. Several of the breakdowns have been expanded to include relevant segments of the industry. In addition, the cross tabulations presented for the first time in 1983 have been expanded to include a more detailed analysis of operations with similar characteristics.

This is the first year we have graphically presented sales per seat and costs per seat information. This data is shown for the entire sample in each section of the report as well as for the restaurant type categories.

Bases of analysis

This operational analysis is again divided into two sections to present the different operating results of restaurant operations serving alcoholic beverages and those not serving such beverages. Where noteworthy, reference is made to previous reports, enabling readers to make year-to-year comparisons.

The most common bases of measurements in the foodservice industry are amounts per seat and percentages of total sales. These indices, as well as various productivity statistics, are used extensively throughout this report. The number of seats used in computations is the total of dining room, bar and banquet seats.

The ratios to total sales figures are based on total food and beverage sales, with the exception of food costs and beverage costs, which are based on their respective sales. Most of the figures used are the medians and upper and lower quartiles and do not necessarily add to the totals shown. Each line item has been analyzed separately and the medians and quartiles are based on the information submitted for that line item only, since not all restaurants reported data for each line. The weighted mean is used in "The Restaurant Industry Dollar" (pages 9 and 41). This expresses the absolute value of the sources of the foodservice dollar and the distribution of controllable expenses, occupation costs, interest, depreciation and net income before income taxes. Comparisons with reports from prior years must be made with caution. For comparison purposes, trends from the reports, rather than absolute figures, should be used.

SECTION A—FOOD ONLY RESTAURANTS

Profile of participants

The 224 restaurant operations included in this section of the study serve food but no alcoholic beverages. The highlights and characteristics presented below provide a profile of the typical participating food only restaurants based on the appropriate measures of central tendency (arithmetic mean, median or mode). This background information, used in conjunction with the composition of the sample presented in Exhibit A-1, may be helpful when comparing operating results.

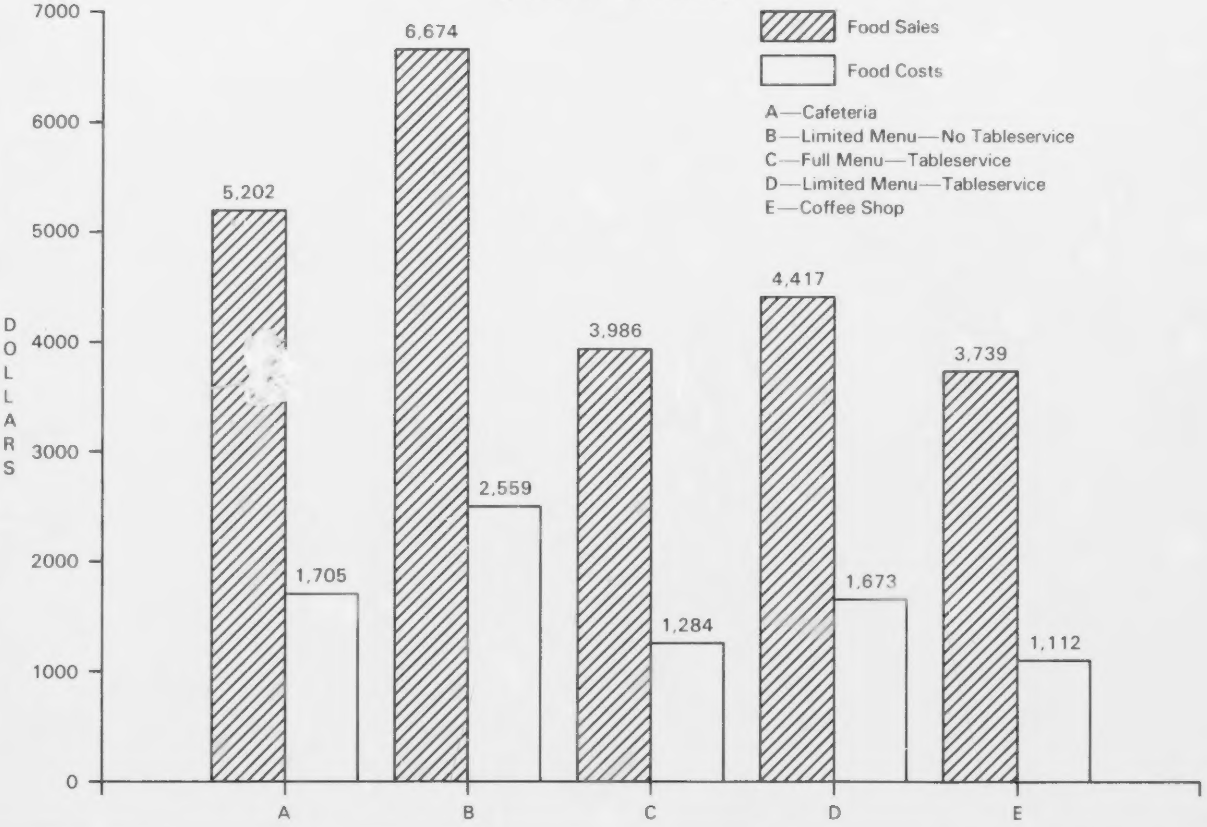
Highlights

- Median food sales per seat for the food only restaurants in this study were $4,688 in 1983.
- Median food costs were $1,648 per seat in 1983.
- The median check was $3.48 and the average daily seat turnover was 3.77.
- Net income before income taxes was 9.2 percent.
- Total sales per full-time equivalent employee were $26,392.

Characteristics

- More than five years old.
- Part of a privately owned corporation.
- Had sales volume under $900,000 and operated at a profit.
- Had an average of 159 seats ranging from 6 to 1,100.
- Occupied 4,436 square feet of space.

Chart 1: Food Sales per Seat vs. Food Costs per Seat by Type of Restaurant Food Only Restaurants (Median Amounts)



The restaurant industry dollar

The restaurant industry dollar for food only restaurants is presented in Chart 2 and compares the source and distribution of funds for 1983 and 1982. Since all restaurants analyzed in this section do not serve alcoholic beverages, the overwhelming majority of revenue is derived from food sales. Typically, revenue generated from sources other than food sales is less than 2 percent of total revenue and was reported at 0.4 percent in 1983.

Net income before income taxes more than doubled for food only restaurants in our sample, rising from 3.5 cents of each dollar of sales in 1982 to 8.2 cents in 1983. This was largely the result of restaurateurs' ability to reduce controllable expenses. In 1982, controllable expenses absorbed 82.7 cents of every dollar of sales, but in 1983 these costs were reduced to 78.6 cents of every dollar, almost a 5 percent decline. Also contributing to the positive bottom line performance was the

Chart 2:
The Restaurant Industry Dollar Food Only Restaurants

Where It Came From

	1983	1982
Food Sales	99.6%	99.2%
Other Income	0.4	0.8
Total	100.0%	100.0%

Where It Went

	1983	1982
Food Cost	35.8%	36.7
Payroll	24.7	27.1
Employee Benefits	2.9	2.1
Direct Operating Expenses	4.4	4.0
Music & Entertainment	N	0.1
Advertising & Promotion	2.2	1.6
Utilities	3.5	3.7
Administration & General	3.4	5.3
Repairs & Maintenance	1.7	2.1
Rent	5.5	6.1
Property Taxes	0.6	0.3
Other Taxes	0.9	2.3
Property Insurance	0.5	0.6
Interest	1.1	0.7
Depreciation	3.3	2.4
Other Deductions	1.3	1.4
Net Income Before Income Tax	8.2	3.5
	100.0%	100.0%

Exhibit A-1
Composition of Participating Food Only Restaurants

Years in Business:	Percentage of Respondents
Under 5 Years	26.8%
5 to 10 Years	21.8
Over 10 Years	51.4

Type of Restaurant:	
Cafeteria	7.3%
Limited Menu—No Tableservice	41.6
Full Menu—Tableservice	23.5
Limited Menu—Tableservice	10.4
Coffee shop	10.9
All Others	6.3

Region:*	
Northeast	15.8%
North Central	47.3
South	24.3
West	12.6

Location:	
Urban	39.5%
Suburban	39.0
Rural	21.5

Affiliation:	
Single Unit—Independent	37.1%
Multi-Unit—Company Operated	28.6
Multi-Unit—Franchisee Operated	21.4
Not Specified	12.9

Meals Served:	
Breakfast and Lunch Only	5.3%
Lunch and Dinner Only	36.2
Dinner Only	12.5
All Meals	44.2
Not Specified	1.8

Sales Volume:	Percentage of Respondents
Under $450,000	47.8%
$450,000 to $899,999	33.4
$900,000 and Over	18.8

Profit Versus Loss:	
Net Profit	90.1%
Net Loss	9.9

Separate/Detached Building:	
Yes	69.5%
No	30.5

Lease Versus Own:	
Own Land and Building	45.7%
Lease Land and Building	54.3

Competition:	
Intense	36.6%
Average	49.6
Mild	13.4

Ownership:	
Sole Proprietorship	16.1%
Partnership	12.9
Public Corporation	7.6
Private Corporation	63.4

Menu Theme:	
American	29.0%
Hamburgers	15.5
Steak & Seafood	7.7
Pizza	12.6
All others**	35.2

*Northeast: CT, ME, MA, NH, NJ, NY, PA, RI, VT.
North Central: IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI.
South: AL, DC, DE, FL, GA, KY, LA, MD, MS, OK, NC, SC, TN, TX, VA, WV.
West: AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY.

**Includes ethnic, chicken, salad bars and specialty sandwiches.

reduced levels of occupation costs reported by the participating restaurants, from 9.3 percent in 1982 to 7.5 percent in 1983. Payroll and administrative and general expenses were the areas of largest cost reduction while moderate increases were reported in employee benefits and advertising and promotion. Increases in advertising and promotion were at least partly the result of the rebounding national economy as restaurant operators endeavored to attract a larger share of the increasing levels of disposable income available to consumers.

Sales and costs differential

For the first time, this year's study graphically presents food sales per seat vs. food costs per seat. Chart 1 (page 8) presents 1983 data for the five types of restaurants identified in this section of the study. Limited menu—no tableservice (fast-food) restaurants had the highest food sales per seat, largely the result of their high average daily seat turnover (see Exhibit A-3), while full menu—no tableservice restaurants and coffee shops reported the lowest food sales per seat.

Average check

Exhibit A-2 presents average check data for all food only establishments as well as for several selected breakdowns. To provide the reader with a better understanding of the range of data reported, upper and lower quartiles are also presented. Breakfast and lunch operations reported the lowest median average check at $2.24 while pizza restaurants and those serving dinner only reported the highest at $8.36 and $8.22 respectively. The median average check for all food only restaurants was $3.48 with 50 percent of the sample having average checks that ranged from $2.67 to $4.96. This is a sizable jump over 1982 when the median average check was $3.00. For all categories analyzed, the average check was up substantially over the prior year's results.

Exhibit A-2
Food Only
Average Check

	Lower Quartile	Median	Upper Quartile
Age			
Under 5 Years	$2.29	$3.35	$4.06
5 to 10 Years	3.12	3.98	6.97
Over 10 Years	2.63	3.37	4.83
Location			
Urban	2.57	3.47	5.10
Suburban	2.57	3.34	4.32
Rural	2.81	3.59	5.96
Meals Served			
Breakfast & Lunch Only	1.45	2.24	3.79
Lunch & Dinner Only	2.78	3.57	4.54
Dinner Only	7.39	8.22	8.86
All Meals	2.57	3.25	3.82
Menu Theme			
American	2.70	3.53	4.04
Hamburgers	2.23	2.59	3.33
Steak & Seafood	3.95	4.93	5.95
Pizza	7.80	8.36	8.86
All Others	2.26	3.28	4.31
Region			
Northeast	2.73	3.52	5.01
North Central	2.58	3.75	5.72
South	2.57	3.37	4.06
West	2.86	3.47	3.93
Type of Restaurant			
Cafeteria	2.29	3.73	3.92
Limited Menu—No Tableservice	2.52	3.35	4.81
Full Menu—Tableservice	3.06	3.76	5.28
Limited Menu—Tableservice	2.78	3.88	5.55
Coffee Shop	2.51	2.77	3.49
All Establishments	$2.67	$3.48	$4.96

Average daily seat turnover

Exhibit A-3 shows the average daily seat turnover for all food only establishments and for selected breakdowns. This detailed seat turnover information is provided for the first time. The information, when used in conjunction with other data presented in this report, should help the reader understand overall performance of the various segments of the industry. Not surprisingly, hamburger and limited menu—tableservice restaurants had the highest seat turnover while dinner only establishments reported the lowest. As a point of reference for the reader, the insufficient response reported by pizza restaurants was due to participating operations either not having seats or not reporting seat information, not because of limited sample size.

Exhibit A-3
Food Only
Average Daily Seat Turnover

	Lower Quartile	Median	Upper Quartile
Age			
Under 5 Years	2.9	5.1	12.3
5 to 10 Years	2.7	3.9	5.5
Over 10 Years	2.0	3.4	6.8
Location			
Urban	2.2	4.4	12.3
Suburban	2.9	4.0	5.7
Rural	1.2	2.9	5.0
Meals Served			
Breakfast & Lunch Only	0.9	1.5	3.1
Lunch & Dinner Only	2.7	5.2	9.1
Dinner Only	0.8	0.9	1.0
All Meals	2.7	3.6	5.6
Menu Theme			
American	2.1	3.2	4.4
Hamburgers	3.8	7.4	10.5
Steak & Seafood	1.2	2.4	3.3
Pizza	•	•	•
All Others	2.4	3.9	10.3
Region			
Northeast	2.1	3.2	6.6
North Central	2.4	3.6	5.5
South	1.9	5.4	11.4
West	2.0	4.0	7.9
Type of Restaurant			
Cafeteria	2.1	3.4	4.2
Limited Menu—No Tableservice	3.7	6.9	12.3
Full Menu—Tableservice	1.7	2.9	3.8
Limited Menu—Tableservice	1.8	4.7	8.2
Coffee Shop	2.2	3.3	4.1
All Establishments	2.3	3.8	7.3

•Insufficient response.

Exhibit A-4
Food Only
Net Income Differential*

	Amount Per Seat					
	Net Income			Net Loss		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$3,409	$5,953	$8,430	$1,265	$2,958	$5,363
Total Cost of Sales	1,270	2,052	2,995	476	1,033	1,960
Gross Profit	2,168	3,586	5,576	789	1,867	3,430
Other Income	9	24	63	2	6	103
Total Income	2,176	3,588	5,576	790	1,884	3,431
Controllable Expenses						
Payroll	844	1,327	2,303	374	802	1,625
Employee Benefits	47	132	306	39	146	321
Direct Operating Expenses	102	197	450	42	146	302
Music & Entertainment	2	4	22	1	1	2
Advertising & Promotion	51	110	213	3	145	290
Utilities	127	205	300	70	185	283
Administrative & General	67	224	376	25	49	165
Repairs & Maintenance	46	86	171	22	64	152
Total Controllable Expenses	1,411	2,555	3,841	675	1,680	2,882
Income Before Occupation Costs	613	1,065	1,589	84	205	762
Occupation Costs						
Rent	145	248	536	49	192	379
Property Taxes	24	42	77	7	33	95
Other Taxes	6	22	73	29	43	113
Property Insurance	21	34	67	29	43	55
Total Occupation Costs	160	296	570	53	146	690
Income Before Interest & Depreciation	420	757	1,118	(49)	62	254
Interest	13	67	146	61	166	249
Depreciation	67	156	303	140	180	224
Net Income Before Other Deductions	259	440	958	(361)	(280)	(30)
Other Additions & Deductions	(24)	(132)	(290)	(3)	(69)	(329)
Net Income (Loss) Before Income Taxes	$ 215	$ 434	$ 860	$ (361)	$ (280)	$ (41)
Other Data						
Average Receipt Per Cover	$ 2.68	$ 3.57	$ 5.39	$ 2.08	$ 3.75	$ 4.69
Average Daily Seat Turnover	2.79	5.11	8.17	1.09	2.10	3.67
Productivity Index	3.15	3.87	4.46	2.33	3.17	3.55

N — Negligible.
*All amounts are medians and quartiles and do not necessarily add to totals shown.

Ratio to Total Sales					
Net Income			Net Loss		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
31.0	34.9	39.1	33.0	36.0	39.5
60.9	65.1	69.0	60.5	64.0	67.0
0.1	0.4	1.2	0.1	0.4	1.8
61.0	65.1	69.7	61.4	64.9	70.2
20.5	23.5	28.2	23.6	28.7	38.1
1.4	2.7	3.7	3.2	5.1	5.7
2.6	4.2	6.1	2.2	4.6	8.7
N	0.1	0.2	N	0.1	0.1
1.3	2.3	4.1	0.5	3.2	5.7
2.6	3.4	4.4	4.1	5.6	6.7
1.6	3.1	6.3	1.2	1.5	5.0
0.9	1.4	2.1	1.2	1.9	5.4
37.4	42.8	49.1	48.2	54.9	62.7
17.4	20.8	26.9	4.4	9.2	16.8
2.7	4.6	6.3	2.5	6.2	7.0
0.3	0.5	1.0	0.5	1.2	1.7
0.2	0.5	1.4	0.4	1.3	5.1
0.3	0.6	1.1	0.7	1.1	5.2
3.0	5.5	7.6	4.1	8.5	10.5
10.5	15.5	21.4	(2.0)	1.3	8.1
0.2	0.8	2.4	3.2	3.9	15.0
1.4	2.5	4.2	5.2	6.2	9.6
6.6	10.8	16.1	(18.5)	(8.0)	(0.8)
(1.1)	(2.4)	(4.8)	(0.2)	(3.0)	(4.5)
5.9	9.7	15.5	(19.2)	(8.0)	(0.8)

Net income

Comparisons of operations reporting income before income taxes with those reporting a net loss is shown in Exhibit A-4. Sales per seat for both groups were higher than in 1982, as were most expense items. It is evident from the data that the income-producing group generated a much higher volume of sales than the net loss group. Therefore, it is not surprising that as amounts per seat, most expenses and costs were higher than for those properties that operated in the red in 1983. This data, when considered alone, can be somewhat deceiving. To get a more accurate picture of the operating difference between these two groups, an examination of income and expenses as ratios to total sales is necessary. As an illustration, median total controllable expenses for the net income group was $2,555 per seat, considerably higher than the $1,680 per seat reported by those operators who had a loss in 1983. However, when these same expenses are analyzed as ratios to total sales, a completely different outlook is presented. The income-producing operations reported median total controllable expenses totaling 42.8 percent of sales while unprofitable operations reported these same costs at 54.9 percent of sales. This example illustrates the value of examining both measures presented when trying to identify the key variables separating profitable operations from those operated at a loss.

In addition to the amount per seat and ratio to total sales analysis, other measures presented in Exhibit A-4 to illustrate the operating difference between the two groups are average receipt per cover, average daily seat turnover and the productivity index. For the third consecutive year, properties operating in the red had a median average check either equal to or higher than the profitable group. Therefore, increases in menu prices are not a guarantee to turn around a money losing operation. Instead, management should implement procedures that increase employee productivity and bring more customers into the restaurant. As Exhibit A-4 so vividly shows, these are the key measures that separate these two groups, with the net income group outperforming the net loss group by a wide margin in both measures.

Earnings ratio

The earnings ratio for all food only restaurants and for selected breakdowns is presented in Exhibit A-5. This ratio measures revenue available after all expenses are paid, calculated as a ratio to total sales. Food only restaurants responding to our survey experienced a very good year in 1983 as their median earnings ratio jumped sharply, from 4.8 percent in 1982 to 9.2 percent last year. Higher earnings were evident in all segments of the industry; every breakdown analyzed showed a substantial jump in this ratio over the prior year. As in past reports, limited menu—no tableservice (fast-food) restaurants reported the highest median earnings ratio at 10.4 percent.

Cost of sales

An analysis of the prime cost and its two components, cost of sales and payroll cost, is shown in Exhibit A-6. The median prime cost per dollar of sales for all operations in this analysis was 64.8 cents, down 2 percent from 66.1 cents in 1982. With their primary menu items costing more than other types of food items, steak and seafood restaurants reported the highest cost of sales at 40.2 cents. Both the highest and lowest payroll costs were found in the meals served breakdown, with breakfast and lunch only operations reporting the highest payroll costs and dinner only restaurants reporting the lowest at 39.4 cents and 22.5 cents respectively. Divergent payroll costs contributed to these two types of operators who also reported the highest and lowest total prime cost.

Exhibit A-5
Food Only Earnings Ratio

	Lower Quartile	Median	Upper Quartile
All Food Only Restaurants	4.3%	9.2%	15.2%
Lease Land and Building	4.6	8.4	12.3
Own Land and Building	3.1	9.6	16.2
Restaurant Occupies:			
Separate or Detached Building	4.2	8.7	15.3
Attached Building	4.7	9.2	14.4
Type of Restaurant			
Cafeteria	*	*	*
Limited Menu—No Tableservice	6.1	10.4	17.8
Full Menu—Tableservice	3.7	7.9	12.0
Limited Menu—Tableservice	3.1	7.5	14.8
Coffee Shop	1.6	6.7	14.6

*Insufficient response.

Exhibit A-6
Food Only
Cost Per Dollar of Sales*

	Total Cost of Sales	Total Payroll	Prime Cost
All Food Only Restaurants	35.7¢	29.6¢	64.8¢
Type of Restaurant			
Cafeteria	34.5	35.2	71.4
Limited Menu—No Tableservice	35.5	24.1	59.8
Full Menu—Tableservice	35.9	31.9	67.9
Limited Menu—Tableservice	36.4	27.0	64.9
Coffee Shop	36.1	31.1	63.8
Location			
Urban	35.7	26.5	63.2
Suburban	34.9	31.2	65.2
Rural	36.2	28.1	65.8
Profit Versus Loss			
Net Profit	34.9	26.3	62.5
Net Loss	35.1	34.4	68.5
Ownership			
Sole Proprietorship	39.2	24.8	64.8
Partnership	36.3	31.8	68.9
Public Corporation	36.4	36.8	73.5
Private Corporation	34.7	30.0	63.7
Meals Served			
Breakfast & Lunch Only	38.0	39.4	74.1
Lunch & Dinner Only	36.3	24.9	63.0
Dinner Only	29.2	22.5	51.7
All Meals	35.3	31.2	66.4
Menu Theme			
American	35.0	32.0	68.0
Hamburgers	35.6	25.5	60.6
Steak & Seafood	40.2	25.1	68.1
Pizza	28.8	22.5	51.8
All Others	35.8	27.9	63.5

*All amounts are medians.

Employee data

Exhibit A-7 presents employee information for those food only operations providing the detail. This data gives the reader an understanding of the staffing levels currently being used by various types of restaurants. Total number of employees is presented along with the corresponding number of full-time equivalent (FTE) employees. Coffee shops reported the smallest number of full-time equivalent employees per 100 average daily covers while rural operations reported the highest, 4.1 and 7.4 respectively. Interestingly, cafeterias reported the highest median total sales per FTE but also reported the highest payroll costs per FTE and the lowest index of productivity.

Exhibit A-7
Food Only
Analysis of Employee Data*

		Restaurants Reporting		Location			Type of Restaurant				
	Total	Net Income	Net Loss	Urban	Suburban	Rural	Cafeteria	Limited Menu No Table-service	Full Menu Table-service	Limited Menu Table-service	Coffee Shop
Number of Employees Per Restaurant											
Full-Time	6	6	4	5	5	10	15	5	10	5	5
Part-Time (20–35 Hours)	10	11	8	10	9	10	17	8	13	8	15
Part-Time (Less Than 20 Hours)	7	6	8	6	10	6	7	6	10	6	12
Total	23	23	23	23	23	25	47	18	32	23	35
Full-Time Equivalent Employees											
Total	16.8	17.3	15.5	16.8	16.3	21.1	37.3	13.8	27.0	15.6	27.8
Per 100 Restaurant Seats	19.7	20.5	10.7	21.3	20.3	17.7	10.7	21.7	18.9	21.2	21.0
Per 100 Average Daily Covers	5.1	5.1	5.1	4.6	5.1	7.5	5.1	4.6	6.4	4.6	4.1
Total Sales Per Full-Time Equivalent Employee	$26,392	$27,598	$26,000	$29,792	$27,302	$22,089	$35,203	$30,613	$21,899	$27,369	$22,236
Payroll Per Full-Time Equivalent Employee	$ 7,476	$ 7,487	$ 8,227	$ 7,855	$ 7,627	$ 6,310	$11,503	$ 7,574	$ 7,220	$ 8,743	$ 5,499
Index of Productivity	3.59	3.87	3.17	3.73	3.33	3.68	2.98	4.28	3.11	3.16	3.06

*All amounts are medians and do not necessarily add to totals shown.

Occupancy costs

Occupancy costs plus the other fixed costs of interest and depreciation are shown in Exhibit A-8 for all establishments and by type, location and region. As in past reports, operations located in the West have generally experienced higher occupancy costs than their counterparts in the rest of the country. Limited menu—no tableservice restaurants also reported higher costs, relative to the other types of restaurants covered in this analysis.

Special analysis

In this section of the study we present amounts per seat and ratios to total sales of both income before occupation costs and restaurant profit by multiple categories. This analysis provides the reader with a focused look at the operating results of narrower segments of the restaurant industry. This year the categories used for the cross tabulations are as follows and are shown in Exhibits A-9 through A-16:

- Franchise vs. Organization
- Location vs. Type of Restaurant
- Age vs. Sales Volume
- Menu theme vs. Sales Volume

To use this cross tabulation, locate both parameters of interest on the appropriate table (one row and one column) and then find the intersection. The upper portion of each box presents the amount per seat, while the lower portion shows the percentage of total sales. For example, to identify profit before occupation costs for limited menu—no tableservice restaurants operating in an urban setting, you would go to Exhibit A-11 and find the medians reported were $798 per seat and 20.8

Exhibit A-8
Food Only
Occupancy Costs, Interest and Depreciation—Amount Per Seat*

		Type of Restaurant					Location			Region			
	Total	Cafeteria	Limited Menu No Table-service	Full Menu Table-service	Limited Menu Table-service	Coffee Shop	Urban	Suburban	Rural	North-east	North Central	South	West
Rent	$246	$390	$274	$199	$239	$206	$254	$246	$233	$205	$238	$240	$375
Property Taxes	33	6	40	24	44	30	41	44	23	31	41	19	43
Other Taxes	26	19	66	23	46	11	18	31	28	28	12	41	21
Property Insurance	36	47	46	27	50	24	27	30	44	45	26	51	51
Interest	62	51	106	30	132	14	83	43	64	38	83	47	88
Depreciation	$133	$144	$265	$ 66	$162	$107	$141	$167	$ 77	$169	$108	$162	$162

*All amounts are medians.

Exhibit A-9
Food Only
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Franchise and Type of Organization

Amount Per Seat Ratio to Total Sales		Organization		
		Single Unit	Multi-Unit	Total
Franchise	Franchisee	$1,240 21.7%	** 25.6%	$1,299 23.7%
	Independent	$478 17.3%	$734 17.4%	$600 17.7%
	Total	$727 18.0%	$880 20.4%	$799 19.0%

*All amounts are medians.
**Insufficient response.

percent of total sales. This analysis was designed to enable readers to more closely identify operating results of restaurants with characteristics similar to their own facilities. Totals for each category analyzed are also presented for comparison purposes. The intersections of the totals for each category reflect the results of the total sample of food only restaurants.

Summary

The remaining exhibits in this section (A-17 through A-26) present statements of income and expenses by type of restaurant, age of restaurant, location, affiliation, sales volume, region and menu theme. By using upper and lower quartiles, in addition to the medians, ranges for each line item are presented. In most cases, the insufficient response recorded in several of the breakdown categories was the result of participating restaurants not providing seat information rather than an insufficient sample size. Readers should be careful when analyzing the quartile values. For example, restaurant operations with very high controllable expenses and occupation costs probably will fall into the upper quartile of these costs. However, these same restaurant operations may fall into the lower quartile when income items are analyzed. As a result, each value reported for a particular item will accurately reflect the upper quartile, median and lower quartile of the restaurants contributing information for that line item.

Exhibit A-10
Food Only
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Franchise and Type of Organization

Amount Per Seat ------ Ratio to Total Sales		Organization		Total
		Single Unit	Multi-Unit	
Franchise	Franchisee	$408 ------ 7.8%	$** ------ 15.5%	$736 ------ 15.0%
	Independent	$ 98 ------ 3.2%	$276 ------ 7.4%	$268 ------ 6.7%
	Total	$293 ------ 7.1%	$429 ------ 12.3%	$357 ------ 9.0%

*All amounts are medians.
**Insufficient response.

Exhibit A-11
Food Only
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Location and Type of Restaurant

Amount Per Seat ------ Ratio to Total Sales		Type of Restaurant					Total
		Cafeteria	Limited Menu-No Tableservice	Full Menu Tableservice	Limited Menu Tableservice	Coffee Shop	
Location	Urban	$614 ----- 9.2%	$798 ----- 20.8%	$417 ----- 12.6%	$1,395 ----- 19.0%	$419 ----- 10.7%	$1,065 ----- 19.4%
	Suburban	$600 ----- 16.9%	$11 ----- 26.2%	$494 ----- 13.6%	$1,048 ----- 15.1%	$485 ----- 13.1%	$677 ----- 19.7%
	Rural	** ----- **	$784 ----- 17.8%	$506 ----- 16.5%	$674 ----- 23.9%	$454 ----- 21.4%	$724 ----- 18.3%
	Total	$694 ----- 15.8%	$1,222 ----- 22.5%	$524 ----- 15.6%	$869 ----- 18.9%	$511 ----- 17.7%	$799 ----- 19.0%

*All figures are medians.
**Insufficient response.

Exhibit A-12
Food Only
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Location and Type of Restaurant

Amount Per Seat ------ Ratio to Total Sales		Type of Restaurant					Total
		Cafeteria	Limited Menu-No Tableservice	Full Menu Tableservice	Limited Menu Tableservice	Coffee Shop	
Location	Urban	$224 ----- 2.4%	$490 ----- 11.4%	$70 ----- 3.4%	$980 ----- 9.9%	$7 ----- 0.5%	$465 ----- 9.1%
	Suburban	** ----- (6.2)%	** ----- 14.2%	$93 ----- 1.9%	$137 ----- 1.2%	$196 ----- 5.5%	$288 ----- 8.8%
	Rural	** ----- **	$296 ----- 7.9%	$244 ----- 6.0%	$243 ----- 9.4%	$110 ----- 5.0%	$356 ----- 8.7%
	Total	$447 ----- 6.2%	$690 ----- 14.2%	$227 ----- 5.8%	$414 ----- 7.2%	$164 ----- 5.5%	$357 ----- 9.0%

*All amounts are medians.
**Insufficient response.

Exhibit A-13
Food Only
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Sales Volume and Age of Operation

	Amount Per Seat Ratio to Total Sales	Sales Volume			
		Under $450,000	$450,000 to $899,999	$900,000 and Over	Total
Age	Under 5 Years	$323 19.8%	** 36.0%	$1,485 25.0%	$1,096 26.3%
	5 to 10 Years	$ 78 18.3%	$818 19.0%	$1,254 17.0%	$ 910 18.9%
	Over 10 Years	$461 16.3%	$724 15.6%	$ 725 18.8%	$ 677 17.5%
	Total	$586 19.0%	$907 19.0%	$1,087 19.9%	$ 799 19.0%

*All amounts are medians.
**Insufficient response.

Exhibit A-14
Food Only
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Sales Volume and Age of Operation

	Amount Per Seat Ratio to Total Sales	Sales Volume			
		Under $450,000	$450,000 to $899,999	$900,000 & Over	Total
Age	Under 5 Years	$ 7 6.7%	** 28.6%	$881 14.8%	$312 14.4%
	5 to 10 Years	** 10.7%	$153 7.2%	$683 9.5%	$421 10.6%
	Over 10 Years	$112 6.1%	$254 5.1%	$307 6.4%	$309 8.0%
	Total	$227 8.3%	$389 8.6%	$536 12.2%	$357 9.0%

*All amounts are medians.
**Insufficient response.

Exhibit A-15
Food Only
Cross Tabulation of Profit Before Occupation Costs Amount Per Seat and Ratio to Total Sales* By Sales Volume and Menu Theme

Amount Per Seat / Ratio to Total Sales		Sales Volume			
		Under $450,000	$450,000 to $899,999	$900,000 and Over	Total
Menu Theme	American	$394	$ 559	$ 514	$ 517
		15.1%	12.2%	6.1%	15.8%
	Hamburgers	$868	$2,000	**	$1,203
		18.8%	21.6%	**%	20.7%
	Steak and Seafood	$ 54	$1,032	$1,034	$ 658
		5.9%	18.9%	20.6%	15.6%
	Pizza	**	**	**	**
		33.6%	38.9%	**	36.5%
	Total	$586	$ 907	$1,087	$ 799
		19.0%	19.0%	19.9%	19.0%

*All amounts are medians.
**Insufficient response.

Exhibit A-16
Food Only
Cross Tabulation of Restaurant Profit Amount Per Seat and Ratio to Total Sales* By Sales Volume and Menu Theme

Amount Per Seat / Ratio to Total Sales		Sales Volume			
		Under $450,000	$450,000 to $899,999	$900,000 and Over	Total
Menu Theme	American	$101	$ 136	$299	$236
		4.6%	3.3%	6.1%	5.5%
	Hamburgers	$259	$1,088	**	$767
		5.5%	8.6%	**%	9.2%
	Steak and Seafood	**	$ 607	$137	$344
		(9.9)%	10.9%	12.2%	8.6%
	Pizza	**	**	**	**
		22.8%	34.2%	**	30.0%
	Total	$227	$ 389	$536	$357
		8.3%	8.6%	12.2%	9.0%

*All amounts are medians.
**Insufficient response.

Exhibit A-17
Food Only
Statement of Income and Expenses—Amount Per Seat

	Type of Restaurant					
	Cafeteria			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$1,570	$5,202	$7,224	$3,858	$6,675	$10,086
Total Cost of Sales	661	1,705	2,502	1,426	2,559	3,846
Gross Profit	909	3,444	4,721	2,300	4,268	6,724
Other Income	6	10	52	5	17	47
Total Income	915	3,444	4,721	2,300	4,268	6,724
Controllable Expenses						
Payroll	679	1,574	1,998	802	1,457	2,470
Employee Benefits	61	222	344	39	133	419
Direct Operating Expenses	121	207	329	105	208	600
Music & Entertainment	1	1	1	2	3	22
Advertising & Promotion	12	34	183	75	180	387
Utilities	204	247	318	137	231	336
Administrative & General	40	91	234	49	262	574
Repairs & Maintenance	60	155	212	57	88	200
Total Controllable Expenses	907	2,594	3,376	1,529	2,572	4,481
Income Before Occupation Costs	66	694	1,537	745	1,222	2,268
Occupation Costs						
Rent	353	390	523	128	274	559
Property Taxes	*	*	*	19	40	68
Other Taxes	10	19	43	17	66	152
Property Insurance	43	47	52	22	46	94
Income Before Interest & Depreciation	5	647	994	467	897	1,776
Interest	*	*	*	47	106	191
Depreciation	86	144	295	118	265	375
Restaurant Profit	$ (176)	$ 447	$ 921	$ 220	$ 690	$ 1,532

*Insufficient response.

Type of Restaurant								
Full Menu Tableservice			Limited Menu Tableservice			Coffee Shops		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$3,012	$4,065	$5,399	$2,547	$4,417	$8,130	$2,768	$3,739	$4,988
1,072	1,346	2,009	920	1,753	3,299	896	1,288	1,704
1,844	2,452	3,411	1,560	2,744	5,009	1,810	2,460	3,283
12	19	120	12	43	111	3	5	105
1,927	2,469	3,514	1,570	2,815	5,133	1,813	2,460	3,291
847	1,116	1,620	700	1,213	2,063	674	1,118	1,351
55	118	174	72	113	456	74	142	231
72	167	265	71	205	447	86	176	257
2	3	12	3	15	126	2	3	33
28	60	132	21	52	159	44	90	122
112	177	262	102	167	270	114	198	349
44	165	299	30	167	409	49	96	329
41	56	80	41	85	121	41	61	85
1,275	2,077	2,648	1,090	1,999	3,833	990	1,905	2,764
329	524	932	437	869	1,405	360	511	782
120	199	397	66	239	496	143	206	254
11	24	55	20	44	111	19	30	69
5	23	75	7	46	80	1	10	38
19	27	50	27	50	67	17	24	42
111	279	499	297	620	1,099	186	284	489
6	30	83	50	132	233	3	14	173
40	66	150	74	162	380	60	107	147
$ 50	$ 227	$ 427	$ 34	$ 414	$ 990	$ 40	$ 164	$ 329

Exhibit A-18
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Type of Restaurant					
	Cafeteria			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	32.8	34.5	42.1	30.0	35.7	39.8
Gross Profit	57.9	65.5	67.2	60.2	64.3	70.0
Other Income	0.2	0.4	1.9	0.1	0.2	1.0
Total Income	58.3	65.5	67.3	60.5	64.7	70.4
Controllable Expenses						
Payroll	25.2	30.3	38.5	19.2	21.9	25.5
Employee Benefits	2.4	3.9	5.6	1.0	2.6	3.8
Direct Operating Expenses	2.9	4.1	7.4	1.6	4.5	6.8
Music & Entertainment	N	N	N	0.1	0.1	0.1
Advertising & Promotion	0.3	0.6	3.0	2.0	3.4	5.5
Utilities	4.1	4.9	5.7	2.1	3.0	4.1
Administrative & General	1.1	1.3	4.5	1.1	2.4	4.8
Repairs & Maintenance	1.4	2.9	4.1	0.7	1.2	2.1
Total Controllable Expenses	39.4	51.3	59.0	34.1	40.6	48.2
Income Before Occupation Costs	3.2	15.8	24.9	17.8	22.5	30.9
Occupation Costs						
Rent	5.2	6.3	7.3	2.0	3.3	5.8
Property Taxes	*	*	*	0.1	0.3	0.6
Other Taxes	0.2	0.3	1.2	0.3	0.5	1.5
Property Insurance	0.7	0.8	2.4	0.1	0.5	1.2
Income Before Interest & Depreciation	0.6	9.1	16.7	11.7	17.1	27.3
Interest	*	*	*	0.1	0.7	2.6
Depreciation	1.8	2.5	6.2	1.8	2.8	5.0
Restaurant Profit	(5.3)%	6.2%	15.5%	7.0%	14.2%	23.8%

N—Negligible.
*Insufficient response.

Type of Restaurant								
Full Menu Tableservice			Limited Menu Tableservice			Coffee Shop		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
33.3	36.1	40.4	32.9	37.9	40.0	30.3	35.0	36.6
59.6	63.9	66.7	60.0	62.1	67.1	63.4	65.0	69.7
0.2	0.5	2.4	0.3	0.7	1.7	0.1	0.2	1.5
60.3	64.3	67.6	60.0	63.7	67.1	63.8	65.5	70.1
26.7	29.6	34.2	22.1	25.7	31.7	25.0	27.5	29.3
1.7	3.5	4.4	3.0	3.5	6.4	3.0	5.0	5.4
2.1	3.6	5.6	2.8	4.2	6.1	3.0	3.8	6.7
0.1	0.1	0.2	0.1	0.3	1.6	0.1	0.1	0.1
0.8	1.6	2.8	0.8	1.2	1.7	1.6	2.4	2.8
3.6	4.3	5.7	3.0	4.0	4.8	4.0	5.2	7.0
1.4	3.3	5.7	1.3	2.9	5.5	1.1	3.7	6.9
1.0	1.5	2.0	1.2	1.7	2.1	1.2	1.5	2.3
42.3	47.6	55.7	40.5	46.1	51.1	44.1	50.6	54.9
8.5	15.6	20.1	13.2	18.9	24.1	10.0	17.7	21.7
3.3	5.4	6.9	2.3	5.6	6.9	4.2	5.0	5.6
0.4	0.6	1.4	0.4	0.7	1.4	0.6	1.0	1.4
0.2	0.5	2.6	0.2	0.6	1.8	N	0.3	0.8
0.5	0.7	1.4	0.8	1.0	1.5	0.5	0.7	1.0
3.5	8.0	14.7	8.4	13.8	17.7	4.5	8.9	15.5
0.4	1.0	1.9	0.9	2.5	5.1	0.1	0.6	3.4
0.9	1.8	3.9	1.7	3.0	6.4	2.1	2.8	3.3
1.6%	5.8%	9.1%	1.1%	7.2%	14.8%	1.1%	5.5%	9.8%

Exhibit A-19

Food Only

Statement of Income and Expenses—Amount Per Seat

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$3,029	$5,257	$8,021	$3,679	$5,090	$7,335	$2,895	$4,335	$7,344
Total Cost of Sales	1,129	1,770	3,284	1,359	1,913	2,590	1,084	1,586	2,586
Gross Profit	1,756	3,444	4,842	2,317	3,449	4,464	1,812	2,648	4,722
Other Income	10	13	24	1	9	64	6	17	64
Total Income	1,759	3,444	4,842	2,321	3,525	4,464	1,824	2,654	4,722
Controllable Expenses									
Payroll	768	1,418	2,212	938	1,315	1,514	730	1,124	2,050
Employee Benefits	39	113	392	98	146	217	68	145	264
Direct Operating Expenses	108	202	376	160	213	353	84	165	265
Music & Entertainment	1	3	28	2	5	113	2	3	12
Advertising & Promotion	26	81	215	81	149	259	29	81	162
Utilities	120	271	342	130	205	285	120	199	292
Administrative & General	40	140	453	50	234	406	40	167	326
Repairs & Maintenance	41	87	157	55	74	117	43	75	142
Total Controllable Expenses	1,265	2,326	3,871	1,765	2,526	3,248	1,264	2,052	3,272
Income Before Occupation Costs	379	1,096	2,141	492	910	1,427	394	677	1,211
Occupation Costs									
Rent	146	371	550	173	282	437	120	219	390
Property Taxes	7	32	94	29	47	95	18	28	56
Other Taxes	15	45	78	6	14	46	4	28	99
Property Insurance	19	43	85	20	25	51	23	40	64
Income Before Interest & Depreciation	193	587	1,428	190	501	1,080	190	471	948
Interest	59	106	202	4	86	226	11	41	132
Depreciation	157	262	357	64	93	192	53	108	203
Restaurant Profit	$ 20	$ 312	$1,315	$ 140	$ 421	$ 895	$ 100	$ 309	$ 729

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$3,750	$5,703	$8,972	$3,001	$4,779	$7,183	$2,547	$3,727	$5,048
1,241	2,095	3,320	1,170	1,695	2,545	875	1,346	1,806
2,150	3,673	5,805	1,921	3,077	4,506	1,560	2,211	3,199
4	13	33	4	13	59	10	34	127
2,176	3,674	5,805	1,949	3,077	4,518	1,570	2,211	3,199
983	1,419	2,323	761	1,265	1,902	618	908	1,324
71	174	334	70	164	270	44	90	160
101	188	315	105	183	380	67	168	237
2	3	27	3	4	11	2	3	146
73	141	313	46	92	199	20	50	120
139	207	361	143	222	299	106	161	230
126	317	450	49	107	261	18	56	281
56	90	202	44	79	132	33	58	79
1,710	2,716	4,048	1,339	2,106	3,278	1,096	1,515	2,433
397	1,065	2,001	401	677	1,299	440	724	1,049
130	254	403	143	246	526	84	233	512
19	41	69	26	44	84	13	23	38
6	18	72	10	31	105	9	28	75
22	27	67	22	30	58	19	44	73
181	687	1,536	193	424	955	279	446	686
22	83	200	10	43	132	17	64	146
75	141	302	73	167	292	41	77	161
$ 46	$ 465	$1,220	$ 78	$ 288	$ 780	$ 124	$ 356	$ 556

Exhibit A-20
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	29.3	34.6	39.0	31.2	35.9	38.7	33.3	36.6	41.5
Gross Profit	61.0	65.4	70.7	61.3	64.1	68.8	58.5	63.4	66.7
Other Income	0.1	0.3	0.5	N	0.5	1.8	0.1	0.4	1.3
Total Income	61.0	65.5	70.9	61.3	64.6	70.0	59.4	64.1	67.2
Controllable Expenses									
Payroll	19.2	22.3	28.3	20.6	23.5	28.0	22.8	27.0	31.9
Employee Benefits	0.9	3.1	3.9	1.5	3.3	4.4	1.9	3.5	4.9
Direct Operating Expenses	2.1	4.9	7.6	3.1	4.6	6.6	2.2	3.6	5.1
Music & Entertainment	0.1	0.1	0.2	0.1	0.1	0.1	N	0.1	0.3
Advertising & Promotion	1.2	2.0	5.4	2.0	2.8	5.4	0.3	2.0	3.0
Utilities	2.1	3.4	4.4	2.3	3.5	5.0	3.1	4.1	5.6
Administrative & General	1.0	2.1	4.1	1.4	3.8	6.9	1.3	2.9	5.6
Repairs & Maintenance	0.6	1.2	1.8	0.9	1.3	1.8	1.2	1.6	2.3
Total Controllable Expenses	32.6	38.8	47.7	41.3	46.8	51.7	38.6	47.1	54.0
Income Before Occupation Costs	17.5	26.3	35.5	14.5	18.9	24.0	10.1	17.5	23.3
Occupation Costs									
Rent	2.9	4.7	7.0	2.4	4.3	7.0	2.4	4.8	6.0
Property Taxes	N	0.2	0.7	0.2	0.7	1.3	0.3	0.5	1.0
Other Taxes	0.3	0.6	1.4	0.1	0.4	0.9	0.1	0.6	1.8
Property Insurance	0.2	0.5	0.9	0.2	0.4	0.7	0.6	0.9	1.5
Income Before Interest & Depreciation	10.9	17.8	30.3	8.4	13.8	16.8	5.3	12.1	17.5
Interest	0.1	0.8	2.6	0.1	0.5	2.5	0.4	0.9	2.8
Depreciation	2.1	2.9	6.2	1.0	1.5	3.8	1.6	2.4	4.0
Restaurant Profit	4.6%	14.4%	28.2%	4.5%	10.6%	15.2%	2.0%	8.0%	14.6%

N—Negligible.

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
32.5	35.7	39.0	30.0	35.4	39.1	32.7	37.8	41.7
61.0	64.3	67.5	60.9	64.6	70.0	58.3	62.2	67.3
0.1	0.2	0.6	0.1	0.3	1.4	0.3	0.9	2.4
61.0	64.4	67.5	60.9	65.0	70.2	58.8	63.7	67.6
20.2	24.3	29.7	21.9	26.1	30.4	21.6	25.5	29.1
1.8	3.3	4.3	1.1	3.3	5.0	1.7	3.0	4.1
1.9	3.8	5.7	2.9	4.5	6.8	2.8	4.2	7.0
N	0.1	0.3	N	0.1	0.2	0.1	0.1	0.3
2.0	2.4	4.2	1.5	2.6	5.0	0.7	1.3	2.1
2.3	3.4	5.0	2.7	4.1	5.1	3.4	4.1	4.8
1.6	2.9	6.7	1.1	2.5	4.7	0.6	2.2	6.1
0.9	1.5	2.1	0.8	1.5	2.3	1.2	1.5	1.9
37.5	44.2	52.5	36.0	47.0	52.7	36.7	42.5	50.2
12.9	19.4	26.4	12.8	19.7	27.6	14.5	18.3	24.0
2.7	4.1	5.7	2.5	5.3	6.8	2.7	4.9	8.8
0.3	0.5	1.2	0.2	0.7	1.2	0.3	0.5	1.1
0.1	0.4	1.2	0.3	0.6	1.7	0.3	1.1	3.2
0.3	0.6	1.2	0.2	0.5	0.8	0.5	0.9	1.6
7.8	13.4	21.4	5.8	13.1	20.6	7.0	14.3	18.3
0.2	0.7	2.6	0.1	0.5	1.9	0.6	1.8	3.6
1.5	2.6	4.0	1.7	2.4	4.7	1.4	2.5	4.7
3.0%	9.1%	17.4%	3.3%	8.8%	15.6%	4.5%	8.7%	15.2%

Exhibit A-21
Food Only
Statement of Income and Expenses—Amount Per Seat

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,319	$3,549	$5,332	$2,975	$4,795	$7,956	$4,405	$6,376	$9,268
Total Cost of Sales	907	1,376	2,068	1,096	1,695	2,678	1,375	2,490	3,766
Gross Profit	1,435	2,159	3,469	1,951	3,267	5,062	2,834	3,903	5,721
Other Income	10	25	115	3	9	17	1	23	118
Total Income	1,435	2,185	3,531	1,954	3,267	5,062	2,850	3,904	5,721
Controllable Expenses									
Payroll	671	975	1,727	844	1,408	1,929	1,040	1,325	2,043
Employee Benefits	44	83	144	127	225	334	53	146	206
Direct Operating Expenses	67	118	237	107	185	338	169	205	403
Music & Entertainment	2	3	14	1	2	12	2	3	8
Advertising & Promotion	24	55	118	32	108	202	104	154	302
Utilities	112	155	264	164	211	345	141	228	373
Administrative & General	42	107	314	38	135	362	305	417	570
Repairs & Maintenance	38	60	105	54	88	181	65	86	190
Total Controllable Expenses	1,006	1,543	2,615	1,453	2,541	3,477	2,031	2,555	3,097
Income Before Occupation Costs	342	520	1,027	376	776	1,678	723	1,265	2,058
Occupation Costs									
Rent	121	202	420	116	231	378	217	280	586
Property Taxes	12	23	39	19	40	76	21	42	67
Other Taxes	9	31	79	9	21	60	5	20	131
Property Insurance	23	42	67	18	26	53	17	25	57
Income Before Interest & Depreciation	170	420	686	168	449	1,083	400	956	1,466
Interest	11	49	114	16	63	200	107	224	816
Depreciation	56	95	183	72	160	298	39	88	325
Restaurant Profit	$ 42	$ 216	$ 436	$ 38	$ 343	$1,001	$ 322	$ 830	$4,189

Sales Volume ($000)								
Under $450			$450 to $899			$900 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Uppar Quartile
$2,289	$3,392	$6,166	$3,943	$5,018	$8,126	$3,762	$5,986	$10,583
838	1,275	2,182	1,360	1,760	2,676	1,256	2,382	3,652
1,396	2,101	4,043	2,666	3,327	5,084	2,329	3,647	6,659
4	13	37	4	25	103	9	14	29
1,396	2,146	4,058	2,674	3,358	5,125	2,329	3,647	6,708
639	887	1,452	944	1,348	2,223	1,113	1,670	2,563
44	83	146	73	173	282	135	241	568
62	117	238	157	197	396	168	240	447
2	5	36	2	4	26	1	1	8
27	67	136	60	123	272	40	131	232
115	167	247	140	235	355	161	238	383
32	87	255	51	253	413	90	224	375
38	56	100	50	77	121	74	151	231
1,055	1,534	2,632	1,754	2,586	3,817	2,033	2,972	4,250
277	586	1,146	525	907	1,570	508	1,087	2,433
114	198	382	193	257	427	155	374	554
12	26	50	23	40	77	14	34	100
5	33	98	6	14	77	10	28	73
23	43	83	20	26	59	17	29	52
119	399	816	203	509	1,118	406	798	2,051
16	53	126	6	78	195	11	83	208
68	129	254	41	100	236	77	186	320
$ 37	$ 227	$ 651	$ 131	$ 389	$1,022	$ 294	$ 536	$2,446

Exhibit A-22
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	32.6	34.9	37.3	35.3	38.2	42.4	28.5	29.7	37.7
Gross Profit	62.7	65.1	67.4	57.6	61.8	64.7	62.3	70.3	71.5
Other Income	0.1	0.1	0.3	0.3	0.5	1.7	N	1.3	2.3
Total Income	62.7	65.1	67.4	58.2	62.2	65.8	62.3	70.8	71.7
Controllable Expenses									
Payroll	21.2	26.0	29.7	24.2	28.2	33.1	19.2	21.2	23.0
Employee Benefits	3.3	3.9	5.1	1.4	2.9	4.0	1.0	2.0	3.8
Direct Operating Expenses	2.8	3.8	5.6	1.9	3.4	6.4	3.8	5.1	10.3
Music & Entertainment	N	0.1	0.3	0.1	0.1	0.4	N	0.1	0.1
Advertising & Promotion	1.0	2.1	2.8	0.7	1.6	2.5	2.5	5.5	6.0
Utilities	3.0	4.0	5.7	3.5	4.2	5.4	1.7	2.3	3.8
Administrative & General	1.1	2.3	5.3	1.5	2.9	4.9	1.1	2.5	7.4
Repairs & Maintenance	1.2	1.7	2.6	1.2	1.6	2.3	0.6	0.8	1.5
Total Controllable Expenses	38.6	47.4	53.0	41.0	44.4	53.9	32.2	38.5	50.9
Income Before Occupation Costs	11.5	17.4	23.7	10.0	17.7	21.6	18.8	26.2	37.4
Occupation Costs									
Rent	2.3	5.2	6.8	3.0	4.7	6.3	2.1	3.2	5.5
Property Taxes	0.5	0.9	1.5	0.3	0.4	1.1	N	0.3	0.6
Other Taxes	0.1	0.3	1.1	0.3	0.6	2.4	0.3	0.5	0.9
Property Insurance	0.5	0.8	1.1	0.6	0.9	1.6	0.1	0.2	0.4
Income Before Interest & Depreciation	4.6	11.7	18.4	5.3	11.9	16.9	13.3	21.6	33.0
Interest	0.5	0.7	2.8	0.4	1.5	2.7	0.1	0.1	0.2
Depreciation	1.8	2.8	4.4	1.7	2.6	4.7	1.1	1.8	2.8
Restaurant Profit	2.3%	8.5%	14.6%	1.6%	5.4%	11.2%	11.6%	16.0%	32.7%

N—Negligible.

Sales Volume ($000)								
Under $450			$450 to $899			$900 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
32.4	37.7	41.3	30.6	35.3	37.9	32.3	34.8	39.6
58.7	62.3	67.6	62.1	64.7	69.5	60.4	65.2	67.7
0.1	0.4	0.9	0.1	0.4	1.8	0.1	0.2	1.0
59.0	63.0	68.0	62.8	64.8	70.2	60.9	65.2	67.7
21.2	25.3	31.7	21.0	25.0	28.6	20.3	25.2	30.7
1.3	3.0	3.9	1.3	3.2	4.8	3.2	3.9	4.9
2.1	4.1	6.8	3.2	3.9	6.1	2.8	4.2	5.3
0.1	0.1	0.3	0.1	0.1	0.2	N	N	0.1
1.0	1.9	3.3	2.0	3.0	5.4	0.5	2.0	2.9
2.9	4.1	5.4	2.5	3.5	5.0	2.9	3.6	4.5
1.3	2.3	4.8	1.4	3.1	6.5	1.1	3.0	4.9
0.9	1.3	2.3	0.8	1.5	2.0	1.3	1.7	2.8
37.0	44.3	51.3	36.6	44.0	52.2	37.0	43.4	51.0
12.1	19.0	26.7	13.2	19.0	26.4	14.1	19.9	26.4
2.5	4.6	6.8	2.3	4.5	6.3	3.5	5.4	6.4
0.3	0.5	1.1	0.2	0.5	1.0	0.3	0.4	1.0
0.3	0.7	2.0	0.1	0.4	1.1	0.2	0.3	1.1
0.5	0.9	1.6	0.2	0.4	0.7	0.3	0.5	0.8
6.5	13.6	19.5	6.8	12.3	21.0	8.4	15.6	20.0
0.2	1.3	2.9	0.1	0.4	2.0	0.2	0.7	2.4
2.0	3.1	5.5	1.2	1.9	3.0	1.6	2.4	3.6
2.4%	8.3%	15.5%	4.1%	8.6%	17.8%	5.6%	12.2%	19.6%

Exhibit A-23
Food Only
Statement of Income and Expenses--Amount Per Seat

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,796	$4,779	$6,609	$3,099	$4,389	$6,694
Total Cost of Sales	1,001	1,655	2,387	1,153	1,586	2,428
Gross Profit	1,826	2,990	4,388	1,943	2,922	4,296
Other Income	4	19	64	2	17	83
Total Income	1,847	2,990	4,392	1,971	2,922	4,296
Controllable Expenses						
Payroll	860	1,116	1,581	771	1,245	1,729
Employee Benefits	86	161	249	57	122	227
Direct Operating Expenses	99	172	442	96	181	265
Music & Entertainment	3	9	24	2	3	14
Advertising & Promotion	43	90	184	56	106	175
Utilities	136	199	266	138	207	269
Administrative & General	49	179	333	42	179	355
Repairs & Maintenance	60	75	121	42	68	115
Total Controllable Expenses	1,346	2,110	3,859	1,403	2,225	2,867
Income Before Occupation Costs	482	917	1,406	372	687	1,258
Occupation Costs						
Rent	109	205	502	143	238	378
Property Taxes	12	31	78	23	41	70
Other Taxes	11	28	69	2	12	111
Property Insurance	19	45	90	20	26	43
Income Before Interest & Depreciation	420	806	965	177	381	954
Interest	15	38	169	32	83	192
Depreciation	72	169	264	53	108	197
Restaurant Profit	$ 262	$ 464	$ 744	$ 28	$ 238	$ 715

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$2,575	$6,198	$8,541	$3,253	$4,679	$8,668
986	2,410	3,804	1,241	1,675	2,690
1,517	3,445	4,980	2,003	3,036	5,907
6	13	24	4	22	62
1,518	3,528	4,980	2,142	3,039	5,907
792	1,366	2,568	788	1,243	2,080
59	169	698	43	113	251
67	193	475	117	210	339
2	3	28	1	1	4
29	115	303	20	54	210
113	274	399	113	158	264
38	206	417	67	128	348
41	86	197	50	105	175
1,125	2,288	4,467	1,418	2,206	3,287
387	934	1,857	456	789	2,073
143	240	530	166	375	553
12	19	40	20	43	106
11	41	78	14	21	57
30	51	87	20	51	285
152	513	1,431	298	677	1,760
11	47	125	11	88	141
68	162	338	68	162	267
$ 67	$ 438	$1,206	$ 183	$ 365	$1,458

Exhibit A-24
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	32.3	34.4	40.7	29.4	34.8	38.1
Gross Profit	59.2	65.1	67.6	61.9	65.2	70.6
Other Income	0.2	0.4	1.3	0.1	0.4	1.7
Total Income	59.2	65.1	68.0	62.0	65.5	71.0
Controllable Expenses						
Payroll	20.4	24.9	29.3	21.0	25.2	29.8
Employee Benefits	2.4	3.9	4.9	1.0	3.2	4.2
Direct Operating Expenses	2.4	3.7	6.5	2.7	4.2	6.6
Music & Entertainment	0.1	0.3	0.4	0.1	0.1	0.1
Advertising & Promotion	1.2	2.1	3.0	1.6	2.7	5.5
Utilities	2.9	3.5	5.4	2.2	3.8	5.6
Administrative & General	1.5	3.2	5.2	1.1	2.2	5.8
Repairs & Maintenance	1.0	1.6	2.5	0.7	1.3	1.9
Total Controllable Expenses	41.3	47.9	50.4	36.5	46.1	53.9
Income Before Occupation Costs	13.5	19.0	21.9	12.9	19.1	29.4
Occupation Costs						
Rent	1.7	5.1	6.8	2.4	4.0	5.8
Property Taxes	0.4	0.7	1.0	0.1	0.5	1.3
Other Taxes	0.2	0.6	1.9	0.1	0.5	1.5
Property Insurance	0.5	0.9	1.8	0.2	0.4	0.8
Income Before Interest & Depreciation	10.1	15.3	17.5	6.5	13.3	24.1
Interest	0.5	1.0	3.4	0.1	1.1	2.7
Depreciation	1.9	3.2	4.6	1.3	2.2	3.8
Restaurant Profit	6.5%	10.1%	12.7%	3.2%	8.4%	18.0%

N—Negligible.

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
34.9	39.0	42.8	32.5	35.7	38.9
57.2	61.0	65.1	61.1	64.3	67.5
0.1	0.2	0.5	0.1	0.5	1.7
57.3	61.1	65.2	62.0	64.7	67.5
20.5	25.1	28.8	23.2	25.7	31.6
2.1	3.2	4.8	1.3	3.2	4.3
1.7	3.4	5.7	3.7	4.5	6.3
0.1	0.2	0.3	N	N	0.2
0.9	2.0	2.8	0.5	2.2	4.8
3.3	3.8	4.5	2.4	3.8	4.9
1.4	2.7	5.3	1.4	2.8	6.7
1.1	1.6	2.3	1.4	1.9	2.8
34.9	41.5	47.8	39.4	47.3	54.0
12.2	18.1	26.6	10.9	19.4	22.2
3.3	5.7	8.1	3.5	6.1	7.3
0.3	0.4	0.6	0.3	0.5	1.3
0.2	0.4	1.1	0.2	0.5	1.3
0.6	1.0	1.5	0.6	0.7	1.7
5.5	12.0	21.4	8.4	12.4	17.5
0.4	0.8	1.8	0.2	0.8	3.1
1.8	2.6	4.4	1.7	2.8	5.5
2.0%	8.7%	17.3%	3.7%	7.6%	11.6%

Exhibit A-25

Food Only

Statement of Income and Expenses—Amount Per Seat

	Menu Theme					
	American			Hamburgers		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,754	$4,050	$5,363	$3,825	$6,931	$9,615
Total Cost of Sales	962	1,415	2,002	1,416	2,559	3,846
Gross Profit	1,726	2,548	3,435	2,150	4,268	6,047
Other Income	3	9	38	8	25	57
Total Income	1,731	2,555	3,444	2,150	4,268	6,095
Controllable Expenses						
Payroll	738	1,229	1,477	827	1,387	2,605
Employee Benefits	47	146	256	48	122	397
Direct Operating Expenses	95	170	258	102	265	782
Music & Entertainment	2	3	14	3	12	28
Advertising & Promotion	35	91	139	29	123	275
Utilities	112	179	299	143	250	399
Administrative & General	38	88	234	68	254	405
Repairs & Maintenance	40	62	94	55	99	202
Total Controllable Expenses	1,265	2,079	2,699	1,441	2,536	4,607
Income Before Occupation Costs	329	517	941	714	1,203	2,228
Occupation Costs						
Rent	80	216	387	143	265	787
Property Taxes	14	33	69	20	43	91
Other Taxes	2	24	71	20	98	236
Property Insurance	22	38	53	22	48	83
Income Before Interest & Depreciation	123	341	585	420	858	1,639
Interest	7	41	85	12	131	204
Depreciation	41	80	183	111	268	364
Restaurant Profit	$ 39	$ 736	$ 395	$ 256	$ 767	$1,432

*Includes ethnic, salad bars and specialty sandwiches.

Menu Theme					
Steak & Seafood			All Others*		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$3,037	$4,587	$6,109	$2,961	$4,767	$8,113
1,240	1,754	2,413	1,127	1,644	2,907
1,699	2,833	3,696	1,860	3,133	5,100
1	2	28	8	18	51
1,815	2,869	3,697	1,860	3,133	5,100
713	968	1,136	711	1,314	2,034
119	146	167	68	126	251
57	175	416	109	199	296
2	2	113	2	4	16
55	115	186	38	94	254
115	185	209	116	197	278
59	336	445	54	181	456
52	74	90	45	76	152
1,305	1,963	2,675	1,190	2,390	3,376
174	658	1,346	411	825	1,726
102	181	290	158	263	545
20	36	56	18	25	44
5	7	22	9	22	72
19	25	26	17	39	89
64	419	955	279	517	1,329
4	10	63	29	83	168
50	73	89	76	162	302
$ (23)	$ 344	$ 918	$ 98	$ 421	$1,184

Exnibit A-26
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Menu Theme					
	American			Sandwiches/Hamburgers		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	33.9	35.7	40.4	34.4	38.1	40.0
Gross Profit	59.6	64.3	66.1	60.0	61.9	65.6
Other Income	0.1	0.3	1.0	0.1	0.4	1.1
Total Income	60.0	64.0	66.6	60.0	62.1	65.7
Controllable Expenses						
Payroll	25.6	28.5	32.4	19.5	24.9	29.4
Employee Benefits	2.2	3.5	5.1	0.7	2.7	4.1
Direct Operating Expenses	2.9	3.8	7.7	1.9	4.3	9.6
Music & Entertainment	0.1	0.1	0.3	N	N	0.1
Advertising & Promotion	0.9	2.4	3.0	0.6	2.3	3.3
Utilities	3.6	4.5	6.1	2.9	4.1	5.3
Administrative & General	1.4	2.7	4.5	1.9	3.3	5.7
Repairs & Maintenance	1.0	1.5	2.0	1.0	1.8	2.8
Total Controllable Expenses	42.3	48.1	54.5	35.5	41.9	50.0
Income Before Occupation Costs	9.7	15.8	19.9	15.9	20.7	26.8
Occupation Costs						
Rent	2.0	5.0	7.0	3.2	4.7	7.1
Property Taxes	0.4	0.8	1.5	0.5	0.6	1.0
Other Taxes	0.1	0.1	2.0	0.4	1.6	2.6
Property Insurance	0.6	0.7	1.1	0.5	0.7	1.2
Income Before Interest & Depreciation	3.8	9.1	14.1	10.4	15.1	21.0
Interest	0.4	1.5	2.8	0.4	2.3	3.5
Depreciation	1.6	2.5	4.0	1.3	3.0	5.7
Restaurant Profit	1.0%	5.5%	9.8%	4.9%	9.2%	17.4%

N—Negligible.
*Includes seafood, steak and seafood, salad bars and specialty sandwiches.
**Insufficient response.

Menu Theme								
Steak & Seafood			Pizza			All Other*		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
38.3	39.5	42.4	28.3	28.8	29.5	32.6	35.9	39.8
57.6	60.5	61.8	70.5	71.2	71.7	60.2	64.1	67.4
N	N	2.8	**	**	**	0.1	0.3	0.8
58.6	61.0	62.6	70.6	71.4	71.9	60.2	64.3	67.9
20.3	21.8	26.2	18.8	20.7	22.3	21.9	25.1	29.4
2.5	4.3	5.0	0.9	1.2	3.6	1.7	3.3	4.3
2.8	3.2	4.4	5.8	6.7	16.3	1.8	4.0	5.7
0.1	0.1	1.5	0.1	0.1	0.1	0.1	0.1	0.3
1.7	2.4	3.2	5.5	5.7	6.3	1.2	2.0	2.8
3.1	3.3	5.0	1.6	2.0	2.3	2.9	3.6	4.5
1.8	6.5	10.8	0.9	1.5	2.4	1.5	2.9	6.1
1.3	1.5	2.1	0.5	0.6	0.8	1.2	1.7	2.3
40.3	42.2	57.9	30.9	34.6	47.4	36.9	44.0	52.1
6.1	15.6	21.1	25.9	36.5	40.7	13.0	19.8	25.2
2.6	3.9	6.1	1.4	2.4	3.3	3.8	5.4	6.8
0.4	0.8	1.9	N	0.1	0.2	0.3	0.6	1.2
0.1	0.1	0.5	0.4	0.6	0.9	0.2	0.4	1.3
0.4	0.5	1.1	0.1	0.2	0.2	0.5	0.9	1.7
2.2	10.6	16.9	22.2	32.6	37.2	8.0	13.6	20.0
0.1	0.2	3.3	0.1	0.1	0.2	0.5	1.3	2.5
1.3	1.6	2.5	1.1	1.9	2.7	1.9	2.9	5.7
(1.2)%	8.6%	15.5%	17.8%	30.0%	35.3%	3.1%	8.3%	15.6%

SECTION B—FOOD AND BEVERAGE RESTAURANTS

Profile of participants

Statistics from 481 restaurants serving food and alcoholic beverages are presented in this section of the study. The highlights and characteristics presented below give a profile of the typical participant based on the appropriate measures of central tendency (arithmetic mean, median or mode). This background information, when used in conjunction with the composite picture of the sample depicted in Exhibit B-1, may be helpful in comparing operating results.

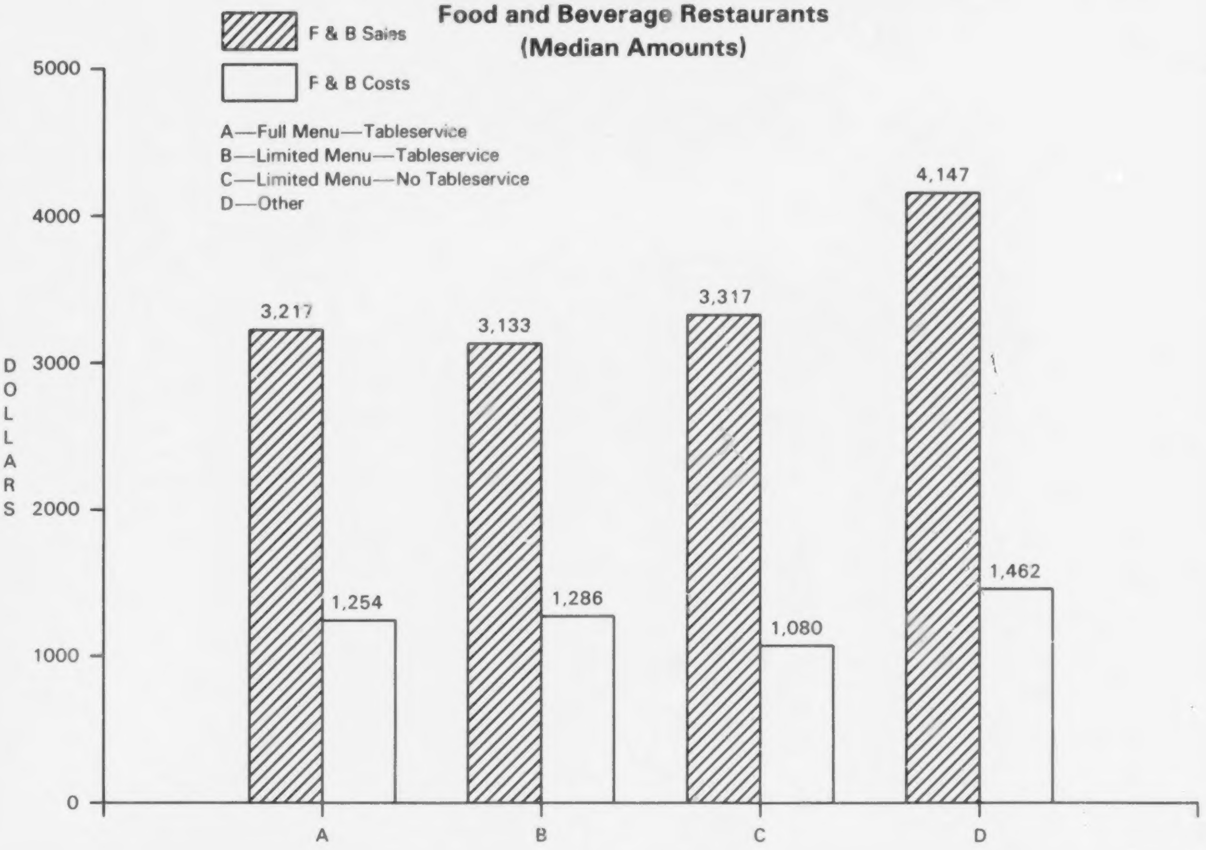
Highlights

- Food sales were $3,272 per seat while beverage sales accounted for $921 per seat.
- Food and beverage costs absorbed $1,554 per seat.
- The median check was $8.87 and the average daily seat turnover was 1.4.
- Net income before income taxes was 4.2 percent in 1983.
- Total sales per full-time equivalent employee were $27,012, with a productivity index of 3.26.

Characteristics

- More than five years old.
- Part of a privately owned corporation.
- Operated a single unit, nonaffiliated full-menu tableservice restaurant at a profit.
- Had an average of 256 seats ranging from 29 to 1,950.
- Occupied 5,000 square feet of space in a detached building.

Chart 3: F & B Sales per Seat vs. F & B Costs per Seat by Type of Restaurant Food and Beverage Restaurants (Median Amounts)



The restaurant industry dollar

The source and distribution of the restaurant industry dollar for food and beverage restaurants is presented in Chart 4. Comparing 1983 and 1982 results, the proportion of income from food sales declined 0.6 percent while beverage sales increased half a percentage point. The remaining increase is attributable to other income.

Participating restaurants reported a significant decrease in the cost of food sold, from 28.6 percent in 1982 to 27.9 percent in 1983. The portion of the food and beverage dollar allocated to the cost of beverages also declined. Payroll, direct operating expenses, administrative and general expenses, and repairs and maintenance required smaller portions of the revenue dollar during 1983. Minor increases were experienced in the music and entertainment, advertising and promotion, and utilities segments. The sharpest annual increase in controllable expenses occurred with respect to

Chart 4:
The Restaurant Industry Dollar Food and Beverage Restaurants

Where It Came From

	1983	1982
Food Sales	72.0%	72.6%
Beverage Sales	25.6	25.5
Other Income	2.4	1.9
Total	100.0%	100.0%

Where It Went

	1983	1982
Food Cost	27.9%	28.6%
Beverage Cost	6.6	7.0
Payroll	25.4	27.6
Employee Benefits	3.8	2.8
Direct Operating Expenses	5.8	6.1
Music & Entertainment	1.0	0.8
Advertising & Promotion	2.2	2.0
Utilities	3.1	3.0
Administrative & General	4.0	4.5
Repairs & Maintenance	1.8	1.9
Rent	5.8	4.5
Property Taxes	0.8	0.6
Other Taxes	0.6	0.8
Property Insurance	0.8	0.9
Interest	1.5	1.4
Depreciation	3.3	3.1
Other Deductions	1.4	1.0
Net Income Before Income Tax	4.2	3.4
	100.0%	100.0%

Exhibit B-1
Composition of Participating Food and Beverage Restaurants

Years in Business:	Percentage of Respondents
Under 5 Years	23.5%
5 to 10 Years	26.6
Over 10 Years	49.9

Type of Restaurant:	
Full Menu—Tableservice	70.1%
Limited Menu—Tableservice	16.0
Limited Menu—No Tableservice	7.1
All Others	6.8

Region:	
Northeast	18.8%
North Central	26.1
South	26.3
West	28.8

Location:	
Urban	42.3%
Suburban	41.2
Rural	16.5

Affiliation:	
Single Unit—Independent	57.2%
Multi-Unit—Company Operated	33.9
Multi-Unit—Franchisee Operated	4.6
Not Specified	4.4

Meals Served:	
Breakfast and Lunch Only	1.4%
Lunch and Dinner Only	62.8
Dinner Only	9.4
All Meals	24.3
Not Specified	2.1

Sales Volume:	
Under $750,000	43.7%
$750,000 to $1,499,999	31.5
$1,500,000 and Over	24.8

Profit Versus Loss:*	Percentage of Respondents
Net Profit	77.4%
Net Loss	22.6

Separate/Detached Building:	
Yes	68.0%
No	32.0

Lease Versus Own:	
Own Land and Building	41.8%
Lease Land and Building	43.9
Lease Land and Own Building	3.9
Not Specified	10.4

Competition:	
Intense	47.3%
Average	44.1
Mild	8.6

Ownership:	
Sole Proprietorship	12.7%
Partnership	9.6
Public Corporation	16.0
Private Corporation	61.7

Menu Theme:	
Steak/Seafood	31.0%
American	24.1
Continental*	13.7
Italian	7.1
Mexican	4.8
All Others**	15.2
Not Specified	4.8

*Includes French and German.

**Includes chicken, Oriental, salad bars, specialty sandwiches, pizza, hamburgers and regional.

employee benefits, up 1.0 percent from 1982. As a result of the decreases in controllable expenses, net income before taxes for food and beverage restaurants rose significantly during 1983, from 3.4 to 4.2 cents of each dollar of sales.

Sales and costs differential

Chart 3 (page 40) graphically presents 1983 data for sales and costs per seat and also shows the differences among the types of food and beverage restaurants participating in this year's study. Excluding the All Otner category, the Limited Menu—No Tableservice breakdown had the highest sales per seat and the lowest costs per seat.

Average check

The median average check for food and beverage restaurants was $8.87, an 8.6 percent increase when compared to the 1982 figure. In general, the median amounts per check shown in Exhibit B-2 are higher than those reported in last year's study. These results are partially attributable to increases in menu prices and decreasing sensitivity to price fluctuations by consumers.

Exhibit B-2
Food and Beverage Average Check

	Lower Quartile	Median	Upper Quartile
Age			
Under 5 Years	$ 5.08	$ 9.00	$12.60
5 to 10 Years	5.23	8.62	13.79
Over 10 Years	5.31	8.73	13.38
Location			
Urban	$ 5.32	$ 8.21	$12.89
Suburban	5.51	9.72	13.54
Rural	4.23	8.52	13.14
Meals Served			
Breakfast & Lunch Only	$ 2.93	$ 6.18	$17.34
Lunch & Dinner Only	5.77	9.00	13.02
Dinner Only	12.27	13.93	18.27
All Meals	3.95	5.64	9.47
Menu Theme			
Steak/Seafood	$ 6.86	$11.06	$13.72
American	4.29	7.73	12.79
Continental	8.05	13.02	18.91
Italian	2.92	2.99	7.18
Mexican	2.88	5.11	7.17
All Others	4.14	6.88	11.58
Region			
Northeast	$ 6.42	$10.97	$13.79
North Central	5.09	8.44	11.55
South	3.99	7.55	12.50
West	5.79	10.00	14.46
All Establishments	$ 5.27	$ 8.87	$13.13

Average daily seat turnover

This is the first time this information has been included in the restaurant study and may be useful in assessing the overall performance of the various food and beverage operations. The average daily turnover was 1.4 for all reporting food and beverage restaurants. Mexican establishments had the highest median seat turnover and also demonstrated the highest median profits before occupation costs (see Exhibit B-25, page 66), thus suggesting a possible relationship between the two indices.

Exhibit B-3
Food and Beverage
Average Daily Seat Turnover

	Lower Quartile	Median	Upper Quartile
Age			
Under 5 Years	0.9	1.6	2.7
5 to 10 Years	0.9	1.6	2.4
Over 10 Years	0.8	1.2	2.1
Location			
Urban	1.1	1.5	2.5
Suburban	0.8	1.5	2.4
Rural	0.6	0.9	1.6
Meals Served			
Breakfast & Lunch Only	0.3	1.2	2.4
Lunch & Dinner Only	0.9	1.5	2.3
Dinner Only	0.6	0.8	1.0
All Meals	0.8	1.6	3.3
Menu Theme			
Steak/Seafood	0.8	1.2	1.8
American	0.9	1.4	2.4
Continental	0.6	0.9	1.3
Italian	1.2	1.7	2.0
Mexican	1.6	2.7	4.9
All Others	1.4	2.4	3.2
Region			
Northeast	0.7	1.1	2.4
North Central	0.8	1.1	2.0
South	1.1	1.6	2.4
West	1.0	1.6	2.8
All Establishments	0.8	1.4	2.3

Exhibit B-4
Food and Beverage
Net Income Differential*

	Amount Per Seat					
	Net Income			Net Loss		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	$2,481	$3,833	$5,432	$1,923	$2,667	$3,847
Beverage	541	1,097	1,942	528	975	1,666
Total Sales	3,152	5,092	6,948	2,554	3,775	5,500
Cost of Sales						
Food	952	1,414	2,128	721	977	1,813
Beverage	154	293	539	143	230	455
Total Cost of Sales	1,173	1,730	2,550	923	1,259	2,068
Gross Profit	1,932	3,076	4,436	1,599	2,316	3,304
Other Income	11	27	81	11	26	74
Total Income	1,981	3,145	4,444	1,634	2,419	3,322
Controllable Expenses						
Payroll	812	1,242	1,805	806	1,166	1,530
Employee Benefits	46	122	280	69	176	268
Direct Operating Expenses	155	249	410	103	202	338
Music & Entertainment	5	20	67	15	44	75
Advertising & Promotion	53	104	196	50	93	142
Utilities	110	152	204	115	155	193
Administrative & General	61	131	316	88	174	417
Repairs & Maintenance	47	80	129	41	69	103
Total Controllable Expenses	1,368	2,266	3,128	1,414	2,068	2,892
Income Before Occupation Costs	515	804	1,478	114	284	552
Occupation Costs						
Rent	117	225	358	110	196	356
Property Taxes	11	23	48	10	32	69
Other Taxes	7	15	65	8	29	75
Property Insurance	15	26	54	20	38	70
Total Occupation Costs	143	275	438	150	293	442
Income Before Interest & Depreciation	306	524	1,043	(106)	46	173
Interest	18	58	105	19	59	167
Depreciation	73	135	194	76	147	262
Net Income Before Other Deductions	125	301	752	(325)	(103)	(26)
Other Additions & Deductions	13	84	385	17	55	129
Net Income (Loss) Before Income Taxes	$110	$ 268	$ 652	$(383)	$(146)	$ (62)
Other Data						
Average Receipt Per Cover	$5.88	$10.10	$13.13	$5.93	$8.91	$13.04
Average Daily Seat Turnover	.94	1.58	2.58	.76	1.12	1.80
Productivity Index	3.07	3.45	4.14	2.62	3.00	3.57

*All amounts are medians and quartiles and do not necessarily add to the totals shown.

Ratio to Total Sales					
Net Income			Net Loss		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
69.6%	76.0%	86.6%	66.0%	73.0%	79.7%
16.0	24.3	30.5	20.3	27.0	34.0
100.0%	100.0	100.0	100.0	100.0	100.0
25.8	29.6	33.8	26.7	29.8	32.7
4.4	6.1	8.6	5.5	7.5	10.4
33.1	36.3	39.7	33.5	37.2	39.9
60.4	63.7	66.9	60.1	62.8	66.5
0.2	0.7	1.3	0.3	0.6	2.0
61.5	64.4	69.0	60.7	63.9	68.4
21.9	25.8	29.9	26.2	28.5	33.0
1.3	2.8	4.5	2.1	4.5	6.0
3.9	5.2	7.2	3.7	5.3	7.9
0.2	0.6	1.5	0.5	1.3	2.6
1.4	2.2	3.7	1.5	2.4	4.5
2.4	3.1	4.0	3.3	4.2	5.5
1.5	3.1	5.2	2.7	4.5	9.9
1.3	1.7	2.3	1.3	1.8	2.4
40.4	46.2	51.9	49.0	55.4	60.8
14.6	17.9	23.8	3.8	8.5	14.6
2.6	4.7	6.1	3.2	5.3	7.6
0.3	0.5	0.9	0.4	0.8	1.8
0.2	0.4	2.3	0.2	0.7	3.0
0.4	0.7	1.2	0.7	0.9	2.0
3.6	5.8	7.9	5.1	7.1	9.7
8.0	11.3	17.8	(2.8)	1.5	5.2
0.5	1.2	2.5	0.7	2.4	4.0
1.7	2.9	3.9	2.2	4.0	6.2
3.9	6.8	14.0	(8.9)	(3.4)	(0.6)
0.6	2.2	6.4	0.7	2.6	4.2
3.4%	6.2%	11.5%	(11.6)%	(5.1)%	(1.4)%

Net income

Exhibit B-4 summarizes and contrasts income and expenses for food and beverage restaurants reporting either a net profit or a net loss during 1983. Similar to the results described with respect to food only restaurants in Section A, sales per seat, as well as most controllable expense items, were higher for both groups in 1983 than in 1982. Profitable operations generated a significantly higher sales volume than unprofitable ones, with total income per seat being 30 percent higher for income-producing restaurants. However, as a ratio to total sales, the gross profit (63.7 percent vs. 62.8 percent) and total income (64.4 percent vs. 63.9 percent) for the two groups were almost the same. At this point in Exhibit B-4, the groups diverged. The profitable food and beverage restaurants had a median total controllable expense of about 46 percent of sales compared with approximately 55 percent for the net loss facilities. The higher controllable expenses incurred by the net loss restaurants were mainly the result of payroll and employee benefits, which were 33 percent for the net loss group compared to 28.6 percent for the financially solvent restaurants. As indicated in previous years, better utilization of human and physical resources were also the key components of successful food and beverage restaurants during 1983. Seat turnover for net income establishments was 41 percent higher and the productivity index, which measures the sales generated for each dollar spent on payroll and related expenses, was 15 percent higher.

Earnings

Exhibit B-5 presents the ratio of earnings to total sales for food and beverage restaurants. The median earnings ratio of 4.6 percent for all participating restaurants was 1.1 percent higher than the 1982 figure. Of the breakdowns shown, the widest fluctuation in earnings ratios was reported by the limited menu—tableservice category, which ranged from −0.2 to 15.6 percent. This type of restaurant had the highest median ratio of 7.9 percent. Operators who owned their buildings and leased the land had the highest median earnings ratio of 18.4 percent, which was up a significant 17.6 percent from the 1982 level.

Cost of sales

Exhibit B-6 analyzes prime cost in relation to cost of goods sold and payroll. For the entire food and beverage restaurant sample, a total of 66.7 cents of every sales dollar was spent on food, beverage and labor costs, a 1.2 percent decrease from the amount presented in the 1982 study. By menu theme, restaurants serving American fare had the highest prime cost. Full menu—tableservice restaurants reported the highest payroll costs per dollar as well as the highest cost of sales. Restaurants that did not generate income experienced the highest payroll costs of all the breakdowns analyzed, 33.5 cents per dollar of sales. This resulted in a prime cost of 71.1 cents, an amount which was approximately 10 percent higher than their financially solvent counterparts.

Exhibit B-5
Food and Beverage Earnings Ratio

	Lower Quartile	Median	Upper Quartile
All Food & Beverage Restaurants	0.4%	4.6%	9.6%
Own Land & Building	0.4	4.4	8.2
Lease Land & Building	0.1	4.1	9.0
Lease Land & Own Building	14.3	18.4	25.8
Restaurant Occupies:			
Separate or Detached Building	0.5	5.2	9.7
Attached Building	(0.9)	2.9	8.1
Type of Restaurant			
Full Menu—Tableservice	0.2	4.1	7.8
Limited Menu—Tableservice	(0.2)	7.9	15.6
Limited Menu—No Tableservice	(5.1)	2.2	6.3
All Others	5.1%	13.1%	17.2%

Exhibit B-6
Food and Beverage Cost Per Dollar of Sales*

	Food**	Beverages**	Total Cost of Sales	Total Payroll	Prime Cost
All Food & Beverage Restaurants	39.2¢	27.1¢	36.3¢	30.5¢	66.7¢
Location					
Urban	38.2	26.3	35.4	30.3	65.9
Suburban	40.0	27.2	37.0	31.0	67.0
Rural	39.8	29.0	38.0	31.2	69.6
Menu Theme					
Steak/Seafood	41.7	26.0	37.8	27.8	66.2
American	39.0	28.0	36.3	32.6	69.3
Continental***	37.7	26.8	34.4	33.3	68.5
Italian	37.4	32.5	37.4	29.3	68.1
Mexican	35.1	24.4	30.8	35.3	64.2
All Others****	37.0	28.4	34.4	28.3	61.8
Ownership					
Sole Proprietorship	40.0	27.8	38.2	29.1	66.1
Partnership	40.3	27.6	36.4	28.8	64.5
Public Corporation	37.9	25.2	34.2	30.1	65.9
Private Corporation	39.4	27.6	36.6	31.3	67.8
Profit Versus Loss					
Net Profit	38.7	26.6	36.0	29.2	64.9
Net Loss	40.1	28.9	37.4	33.5	71.1
Type of Restaurant					
Full Menu—Tableservice	39.9	27.1	36.7	31.3	67.9
Limited Menu—Tableservice	38.0	25.0	34.9	28.2	62.9
Limited Menu—No Tableservice	33.2	32.3	33.6	27.3	63.0
All Others	38.0¢	30.8¢	37.0¢	31.7¢	67.1¢

*All amounts are medians and do not necessarily add to totals shown.
**Based on individual department sales.
***Includes French and German.
****Includes chicken, Oriental, salad bars, specialty sandwiches, pizza, hamburgers and regional.

Employee data

An analysis of employee data is illustrated in Exhibit B-7. Total sales per full-time equivalent employee were comparable among most of the categories, with net loss restaurants reporting the lowest, and limited menu—tableservice restaurants the highest, per employee amounts. Full menu restaurants with tableservice employed more people (44) than any other breakdown. The index of productivity for income-producing and limited menu—tableservice restaurants were the highest, 3.45 and 3.49, respectively.

Exhibit B-7
Food and Beverage Analysis of Employee Data*

		Restaurants Reporting		Location			Type of Restaurant			
	Total	Net Income	Net Loss	Urban	Suburban	Rural	Full Menu Tableservice	Limited Menu Tableservice	Limited Menu No Tableservice	All Others
Number of Employees Per Restaurant										
Full-Time	14	15	12	17	14	9	17	10	4	18
Part-Time (20–35 Hours)	14	15	12	14	15	10	15	12	4	11
Part-Time (Under 20 Hours)	9	10	8	10	8	6	10	10	4	6
Total	38	42	35	40	39	26	44	36	11	27
Full-Time Equivalent Employees										
Total	30.0	33.5	26.8	33.5	30.0	20.5	33.5	26.5	8.3	23.8
Per 100 Restaurant Seats	15.7	16.2	15.5	16.7	16.2	12.0	16.2	16.5	9.1	12.9
Per 100 Average Daily Covers	12.5	13.1	14.5	11.6	13.4	12.3	14.0	11.1	3.9	6.2
Total Sales Per Full-Time Equivalent Employee	$27,012	$27,962	$24,411	$28,740	$26,951	$25,131	$25,789	$29,748	$27,108	$27,934
Payroll Per Full-Time Equivalent Employee	$ 8,435	$ 8,132	$ 8,266	$ 8,754	$ 8,321	$ 7,546	$ 8,274	$ 8,637	$ 8,456	$ 9,900
Index of Productivity	3.26	3.45	2.99	3.25	3.27	3.21	3.19	3.49	3.28	3.41

*All amounts are medians and do not necessarily add to totals shown.

Occupation costs

Exhibit B-8 details the amount per seat of occupation costs, interest and depreciation by type of restaurant, location and region. Operations in the West and those with limited menu—tableservice incurred higher rent expenses than any other category while rural properties had the lowest amount. Interest costs were comparable across all categories while depreciation was significantly higher for limited menu—tableservice restaurants and significantly lower for rural operations than any other breakdown.

Special analysis

The cross tabulations presented in Exhibits B-9 through B-16 allow more focused analyses of food and beverage operating results for purposes of comparison. Profit before occupation costs and restaurant profit are the two indices selected for analysis.

The same methodology was used to compile these charts as was described on page 16 of this study. To use the statistics, select the parameters of interest (one column and one row) and locate the intersection. Total figures are presented as reference measurements. The categories used for the cross tabulations are as follows:

- Franchise vs. Organization
- Location vs. Type of Restaurant
- Region vs. Menu Theme
- Sales Volume vs. Age of Operation

Exhibit B-8
Food and Beverage
Occupancy Costs, Interest and Depreciation—Amount Per Seat*

		Type of Restaurant				Location			Region			
	Total	Full Menu Tableservice	Limited Menu Tableservice	Limited Menu No Tableservice	All Others	Urban	Suburban	Rural	Northeast	North Central	South	West
Rent	$210	$194	$255	$166	$281	$238	$223	$132	$212	$163	$189	$284
Property Taxes	27	24	40	16	31	27	30	16	22	41	20	24
Other Taxes	15	15	19	12	15	18	13	15	20	13	16	15
Property Insurance	27	31	27	11	17	25	30	27	42	28	22	28
Interest	58	59	57	58	65	64	61	55	51	61	58	61
Depreciation	$125	$120	$155	$133	$137	$142	$134	$100	$126	$122	$132	$133

*All amounts are medians.

Exhibit B-9
Food and Beverage
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Franchise and Type of Organization

	Amount Per Seat Ratio to Total Sales	Organization		
		Single Unit	Multi-Unit	Total
Franchise	Franchisee	$406 16.7%	$198 10.4%	$273 13.2%
	Independent	$486 13.4%	$888 13.4%	$640 15.9%
	Total	$503 18.2%	$869 14.5%	$598 15.8%

*All amounts are medians.

Summary

The 10 remaining exhibits provide amount per seat and ratios to total sales in income statement form, broken down by type of restaurant, age, location, affiliation, sales volume, region and menu theme, to provide ranges of reported data. The results of different types of operations are isolated using medians and quartiles. However, it is important to note that columns cannot be totaled when using the indices. For an explanation of the content of these exhibits, refer to the summary in Section A.

Exhibit B-10
Food and Beverage
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Franchise and Type of Organization

Amount Per Seat Ratio to Total Sales		Organization		Total
		Single Unit	Multi-Unit	
Franchise	Franchisee	** (0.2)%	$(100) (3.3)%	$ 33 1.9%
	Independent	$ 51 1.5%	$228 4.9%	$177 5.0%
	Total	$125 3.8%	$361 7.2%	$167 4.3%

*All amounts are medians.
**Insufficient response.

Exhibit B-11
Food and Beverage
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Location and Type of Restaurant

Amount Per Seat Ratio to Total Sales		Type of Restaurant			Total
		Full Menu Tableservice	Limited Menu Tableservice	Limited Menu No Tableservice	
Location	Urban	$648 15.1%	$715 19.2%	$622 17.6%	$722 17.3%
	Suburban	$518 13.4%	$765 18.9%	$145 9.1%	$569 15.2%
	Rural	$307 11.9%	$558 14.0%	$372 16.0%	$380 13.8%
	Total	$568 15.1%	$727 18.8%	$299 15.0%	$598 15.3%

*All amounts are medians.

Exhibit B-12
Food and Beverage
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Location and Type of Restaurant

Amount Per Seat Ratio to Total Sales		Type of Restaurant			Total
		Full Menu Tableservice	Limited Menu Tableservice	Limited Menu No Tableservice	
Location	Urban	$ 86 2.3%	$277 5.9%	$107 3.1%	$245 5.5%
	Suburban	$ 27 0.5%	$128 3.0%	$ 9 (1.2)%	$133 3.7%
	Rural	$ 14 (0.3)%	** (0.7)%	$ 56 2.4%	$ 98 4.3%
	Total	$153 4.0%	$253 5.9%	$ 56 (2.2)%	$167 4.3%

*All amounts are medians.
**Insufficient response.

Exhibit B-13
Food and Beverage
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Region and Menu Theme

Amount Per Seat Ratio to Total Sales		Menu Theme					Total
		Steak & Seafood	American	Continental	Italian	Mexican	
Region	Northeast	$703 14.0%	$383 12.2%	$322 15.4%	$718 9.5%	$ 802 19.7%	$634 15.4%
	North Central	$513 14.9%	$310 14.4%	$269 7.5%	$479 15.5%	$ 582 17.6%	$505 14.9%
	South	$535 15.0%	$380 14.2%	$639 14.5%	$186 10.4%	$ 380 8.7%	$489 15.7%
	West	$978 18.4%	$689 13.8%	$681 13.4%	$188 16.8%	$1,022 23.1%	$860 17.3%
	Total	$725 16.5%	$442 14.1%	$591 14.9%	$210 10.4%	$ 757 19.9%	$598 15.8%

*All amounts are medians.

Exhibit B-14
Food and Beverage
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Region and Menu Theme

Amount Per Seat Ratio to Total Sales		Menu Theme					Total
		Steak & Seafood	American	Continental	Italian	Mexican	
Region	Northeast	$ 96 2.2%	** (2.2)%	** (0.1)%	$185 3.1%	$259 6.4%	$149 3.8%
	North Central	$ 76 2.7%	** (2.4)%	$** (3.9)%	$127 3.8%	$(11) (0.3)%	$ 78 2.9%
	South	$160 4.9%	$ 68 1.3%	** **%	** (5.6)%	$(51) (1.2)%	$132 4.3%
	West	$275 5.2%	$146 4.0%	$ 64 1.6%	$(5) (0.2)%	$262 7.4%	$133 6.2%
	Total	$196 5.3%	$133 3.8%	$126 3.9%	$ 33 1.9%	$259 5.4%	$167 4.3%

*All amounts are medians.
**Insufficient response.

Exhibit B-15

Food and Beverage
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Sales Volume and Age of Operation

	Amount Per Seat Ratio to Total Sales	Sales Volume			
		Under $750,000	$750,000 to $1,499,999	$1,500,000 & Over	Total
Age	Under 5 Years	$456 14.5%	$980 18.0%	$1,826 12.0%	$734 18.0%
	5 to 10 Years	$458 16.8%	$782 16.5%	$1,295 13.4%	$741 16.7%
	Over 10 Years	$282 12.0%	$550 16.6%	$ 715 13.2%	$494 14.2%
	Total	$383 14.4%	$784 16.9%	$1,188 16.5%	$598 15.8%

*All amounts are medians.

Exhibit B-16

Food and Beverage
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio To Total Sales*
By Sales Volume and Age of Operation

	Amount Per Seat Ratio to Total Sales	Sales Volume			
		Under $750,000	$750,000 to $1,499,999	$1,500,000 & Over	Total
Age	Under 5 Years	** (4.7)%	$ 84 2.7%	$709 23.3%	$115 3.0%
	5 to 10 Years	$ 56 2.1%	$150 3.5%	$279 16.6%	$535 4.5%
	Over 10 Years	$ 45 3.0%	$119 3.6%	$117 13.2%	$153 4.6%
	Total	$ 64 3.0%	$256 5.1%	$498 6.2%	$167 4.3%

*All amounts are medians.
**Insufficient response.

Exhibit B-17
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Type of Restaurant								
	Full Menu Tableservice			Limited Menu Tableservice			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	$1,910	$3,217	$4,995	$2,121	$3,133	$4,737	$1,973	$3,318	$4,926
Beverage	476	991	1,818	713	1,120	1,569	167	338	534
Total Sales	2,575	4,177	6,455	3,163	4,891	6,349	1,838	2,440	4,837
Cost of Sales									
Food	754	1,254	1,975	825	1,286	1,828	782	1,080	1,893
Beverage	138	251	487	200	281	402	67	99	163
Total Cost of Sales	910	1,554	2,450	1,146	1,695	2,380	717	979	1,475
Gross Profit	1,604	2,587	4,151	1,922	3,001	4,043	1,194	1,708	2,746
Other Income	7	26	67	9	19	65	46	69	82
Total Income	1,625	2,649	4,152	1,934	3,106	4,069	1,261	1,708	2,756
Controllable Expenses									
Payroll	711	1,153	1,742	868	1,218	1,727	602	730	1,087
Employee Benefits	57	141	249	96	162	254	12	21	67
Direct Operating Expenses	132	229	411	139	217	439	127	190	305
Music & Entertainment	6	34	77	4	17	57	2	7	12
Advertising & Promotion	37	77	148	54	109	241	29	44	146
Utilities	103	150	204	111	157	224	110	142	188
Administrative & General	60	158	320	77	134	292	98	186	257
Repairs & Maintenance	38	74	128	43	84	128	41	58	90
Total Controllable Expenses	1,272	2,043	3,106	1,496	2,231	3,047	1,066	1,297	1,946
Income Before Occupation Costs	283	568	1,051	357	727	1,418	27	299	900
Occupation Costs									
Rent	93	194	372	146	255	369	114	166	356
Property Taxes	12	24	55	20	40	63	7	16	50
Other Taxes	5	15	67	4	19	52	8	12	17
Property Insurance	19	31	48	15	27	51	3	11	26
Income Before Interest & Depreciation	101	331	711	160	447	1,072	(58)	169	523
Interest	22	59	109	13	57	159	19	58	120
Depreciation	64	120	190	79	155	211	76	133	293
Restaurant Profit	$ (13)	$ 153	$ 481	$ (17)	$ 253	$ 975	$ (210)	$ 56	$ 236

Exhibit B-18

Food and Beverage

Statement of Income and Expenses—Ratio to Total Sales

	Type of Restaurant								
	Full Menu Tableservice			Limited Menu Tableservice			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	69.4%	74.8%	81.3%	63.0%	75.4%	79.7%	86.2%	88.9%	97.6%
Beverage	19.0	25.4	30.8	20.3	24.6	37.0	3.4	12.1	13.8
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales									
Food	35.6	39.9	43.6	35.8	38.0	42.0	29.9	33.2	39.2
Beverage	24.1	27.1	32.1	22.3	25.0	29.1	30.5	32.3	41.4
Total Cost of Sales	33.5	36.9	40.6	32.5	35.7	38.2	33.4	39.0	41.3
Gross Profit	59.5	63.1	66.5	61.8	64.3	67.5	58.7	61.0	66.6
Other Income	0.2	0.6	1.6	0.2	0.5	1.1	2.1	2.9	4.2
Total Income	60.2	64.0	67.6	62.2	64.9	68.8	60.3	64.7	68.5
Controllable Expenses									
Payroll	24.0	28.2	32.4	21.8	26.0	31.5	24.1	29.1	34.3
Employee Benefits	1.9	3.6	5.3	1.8	3.1	4.8	0.5	0.9	1.8
Direct Operating Expenses	4.0	5.3	7.8	3.8	5.2	6.4	2.5	4.9	10.3
Music & Entertainment	0.2	1.0	2.4	0.1	0.4	1.5	N	0.1	0.6
Advertising & Promotion	1.0	1.9	3.0	1.5	2.2	4.1	1.0	1.7	4.0
Utilities	2.6	3.4	4.6	2.4	3.1	4.6	3.0	4.4	7.9
Administrative & General	2.0	3.4	5.7	1.5	3.1	5.1	3.7	8.3	12.2
Repairs & Maintenance	1.3	1.7	2.3	1.1	1.7	2.3	1.3	2.0	3.4
Total Controllable Expenses	42.0	49.1	56.2	40.4	46.4	52.6	45.6	53.3	60.5
Income Before Occupation Costs	9.2	15.1	20.5	11.1	18.8	25.7	0.6	15.0	19.6
Occupation Costs									
Rent	2.5	4.7	6.8	3.8	5.4	7.1	4.4	5.4	6.6
Property Taxes	0.3	0.6	1.4	0.4	0.8	1.6	0.2	0.7	2.2
Other Taxes	0.1	0.4	2.8	0.2	0.5	1.1	0.4	0.5	1.0
Property Insurance	0.5	0.8	1.3	0.3	0.8	1.4	0.2	0.3	1.1
Income Before Interest & Depreciation	3.5	8.2	13.2	4.5	11.3	19.9	(2.8)	8.0	12.7
Interest	0.5	1.3	2.6	0.3	1.8	3.5	0.8	2.4	3.4
Depreciation	1.7	2.8	4.2	2.0	3.5	5.4	2.9	4.6	6.1
Restaurant Profit	(0.3)%	4.0%	8.5%	(0.4)%	5.9%	16.1%	(14.5)%	(2.2)%	5.9%

N—Negligible.

Exhibit B-19
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	$1,923	$3,408	$4,978	$2,504	$3,668	$5,000	$1,778	$2,793	$4,868
Beverage	542	1,114	2,247	599	1,061	1,724	376	789	1,403
Total Sales	2,803	5,095	6,938	3,056	4,762	6,471	2,188	3,782	6,288
Cost of Sales									
Food	780	1,303	1,998	973	1,425	2,076	677	1,065	1,776
Beverage	140	320	574	161	268	440	121	215	345
Total Cost of Sales	1,075	1,717	2,546	1,125	1,708	2,504	813	1,347	2,321
Gross Profit	1,592	3,164	4,269	1,841	2,898	4,212	1,391	2,400	3,841
Other Income	7	22	80	13	29	69	10	31	81
Total Income	1,607	3,170	4,273	1,940	3,008	4,212	1,440	2,415	3,896
Controllable Expenses									
Payroll	749	1,249	1,671	800	1,195	1,676	659	1,091	1,753
Employee Benefits	58	145	219	53	154	303	51	127	275
Direct Operating Expenses	131	270	475	147	224	395	121	218	367
Music & Entertainment	4	17	75	7	43	127	4	28	59
Advertising & Promotion	46	107	206	48	89	180	29	69	130
Utilities	106	152	212	126	168	226	97	140	186
Administrative & General	64	134	301	88	193	383	55	120	262
Repairs & Maintenance	37	68	125	49	80	130	36	73	126
Total Controllable Expenses	1,281	2,269	3,180	1,447	2,142	3,126	1,153	1,898	2,954
Income Before Occupation Costs	314	734	1,349	385	741	1,233	250	494	954
Occupation Costs									
Rent	155	288	420	126	238	393	100	154	302
Property Taxes	14	44	74	11	29	64	11	22	41
Other Taxes	10	22	81	6	13	31	6	15	69
Property Insurance	15	24	40	15	32	53	16	28	48
Income Before Interest & Depreciation	75	397	757	140	409	824	98	300	715
Interest	32	108	188	21	68	119	17	43	86
Depreciation	96	179	283	106	159	226	53	102	160
Restaurant Profit	$ (137)	$ 115	$ 508	$ (35)	$ 184	$ 535	$ 25	$ 153	$ 547

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$2,158	$3,889	$5,202	$2,022	$3,263	$4,995	$1,630	$2,233	$3,361
662	1,122	1,957	483	895	1,670	272	574	870
2,854	5,287	7,262	2,672	4,463	6,496	1,968	2,733	4,321
805	1,372	2,078	833	1,293	2,005	660	897	1,475
187	299	529	126	246	432	95	163	236
1,018	1,732	2,610	992	1,606	2,488	799	1,098	1,676
1,770	3,292	4,756	1,684	2,809	3,934	1,266	1,696	2,602
11	30	84	9	26	70	6	31	81
1,785	3,375	4,830	1,716	2,829	3,934	1,268	1,794	2,679
818	1,269	2,001	737	1,216	1,595	554	836	1,258
71	168	315	57	142	231	34	80	153
132	268	478	146	242	415	83	156	260
5	35	84	6	20	68	3	22	64
37	73	180	44	89	169	27	52	102
110	160	210	117	154	216	82	123	168
61	159	356	60	164	287	42	113	257
47	86	146	43	78	122	27	43	80
1,386	2,309	3,484	1,335	2,059	3,050	955	1,337	2,262
404	722	1,463	269	569	1,063	139	380	732
122	238	391	114	223	373	49	132	197
12	27	56	13	30	59	10	16	38
6	18	66	6	13	39	7	15	81
17	25	43	16	30	51	11	27	46
193	445	997	66	306	715	28	234	569
19	64	140	20	61	108	15	55	109
78	142	215	76	134	204	55	100	144
$ 46	$ 245	$ 699	$ (56)	$ 133	$ 495	$ (85)	$ 98	$ 354

Exhibit B-20
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	66.3%	73.2%	79.9%	70.1%	75.9%	84.0%	71.1%	76.5%	83.4%
Beverage	20.5	27.0	33.8	16.7	24.8	30.7	16.8	23.9	29.0
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales									
Food	24.7	29.4	32.1	35.6	39.6	43.8	34.8	38.7	42.9
Beverage	5.3	7.6	9.4	23.5	26.5	31.4	24.4	27.4	32.3
Total Cost of Sales	32.9	36.6	39.9	34.1	36.7	40.5	33.3	36.8	40.5
Gross Profit	60.1	63.4	67.1	59.6	63.3	65.9	59.5	63.2	66.7
Other Income	0.2	0.5	1.2	0.2	0.6	2.2	0.2	0.8	2.2
Total Income	60.4	63.9	68.3	60.4	64.1	67.2	60.5	64.2	67.9
Controllable Expenses									
Payroll	21.8	26.5	30.2	23.2	26.7	30.7	24.6	29.1	33.1
Employee Benefits	1.3	2.8	4.1	1.8	3.2	4.9	1.7	3.7	5.5
Direct Operating Expenses	4.0	5.5	7.4	3.6	4.9	7.7	3.8	5.3	7.3
Music & Entertainment	0.1	0.3	1.8	0.1	1.1	2.3	0.2	0.8	2.3
Advertising & Promotion	1.0	2.1	4.2	1.2	1.9	3.1	1.0	1.9	3.0
Utilities	2.6	3.1	4.1	2.5	3.5	5.1	2.5	3.6	4.7
Administrative & General	1.8	3.3	6.0	2.1	3.9	7.7	1.5	3.3	5.3
Repairs & Maintenance	1.1	1.6	2.2	1.3	1.7	2.5	1.3	1.7	2.4
Total Controllable Expenses	39.7	47.3	54.8	41.6	48.4	55.9	42.6	49.8	55.9
Income Before Occupation Costs	10.7	18.0	22.8	9.3	16.7	22.2	9.6	14.2	20.4
Occupation Costs									
Rent	4.0	5.5	8.3	2.3	4.8	7.1	2.8	4.7	6.1
Property Taxes	0.4	0.8	1.5	0.3	0.7	1.5	0.3	0.6	1.0
Other Taxes	0.2	0.5	3.0	0.1	0.3	0.7	0.2	0.4	2.7
Property Insurance	0.4	0.7	1.2	0.4	0.7	1.1	0.4	0.9	1.5
Income Before Interest & Depreciation	2.9	8.3	14.6	4.0	9.8	15.9	3.8	8.4	15.2
Interest	0.7	2.5	4.2	0.5	1.6	2.7	0.4	0.9	2.1
Depreciation	2.3	3.8	5.9	1.9	3.3	5.7	1.6	2.3	3.6
Restaurant Profit	(6.6)%	3.0%	9.1%	(0.3)%	4.5%	10.3%	0.7%	4.6%	10.9%

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
68.7%	74.5%	81.2%	68.9%	75.3%	81.7%	71.5%	78.1%	90.4%
18.8	25.5	31.5	19.1	25.0	31.1	10.3	22.3	30.9
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
34.6	38.2	42.9	35.7	40.0	43.5	37.0	39.8	43.6
22.8	26.3	31.3	23.5	27.2	31.9	25.8	29.0	36.6
32.6	35.5	38.9	33.6	37.3	40.5	35.8	38.3	42.7
61.1	64.5	67.4	59.5	62.7	66.4	57.3	61.7	64.2
0.2	0.7	1.9	0.2	0.6	1.7	0.2	1.1	3.0
61.6	64.9	68.7	60.4	63.7	67.4	58.2	62.0	66.1
23.6	27.9	32.4	23.1	27.4	31.4	25.2	28.2	32.4
2.0	3.8	5.7	1.4	3.3	4.8	1.3	2.6	4.7
3.8	5.3	7.8	4.0	5.4	7.7	3.5	5.0	7.1
0.2	0.8	1.9	0.1	0.6	1.9	0.2	1.2	2.5
1.0	1.8	2.8	1.1	2.1	3.9	1.0	1.8	3.2
2.3	2.9	4.3	2.7	3.5	4.7	3.2	4.0	5.1
1.9	3.3	5.6	1.5	3.6	6.2	1.9	4.0	8.2
1.2	1.7	2.4	1.3	1.8	2.4	1.1	1.7	2.4
41.0	48.0	55.6	40.9	49.3	55.6	43.2	49.0	56.8
10.4	17.3	24.0	8.9	15.2	21.0	6.1	13.8	19.2
2.6	4.8	6.6	3.6	5.2	7.0	1.5	5.0	7.1
0.2	0.7	1.4	0.3	0.6	1.4	0.3	0.6	1.1
0.2	0.5	1.9	0.1	0.3	0.7	0.4	1.0	4.1
0.4	0.7	1.1	0.4	0.8	1.5	0.5	0.9	1.4
5.3	9.9	16.4	1.8	7.3	13.8	0.6	8.5	13.9
0.3	1.2	2.7	0.6	1.3	2.4	0.6	1.8	3.6
1.7	2.9	4.8	1.9	2.9	4.2	1.7	3.2	4.6
1.4%	5.5%	13.5%	(2.1)%	3.7%	9.0%	(3.0)%	4.3%	8.1%

Exhibit B-21
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	$1,808	$2,907	$4,645	$2,610	$4,110	$5,774	$1,651	$2,265	$3,764
Beverage	405	857	1,487	691	1,216	2,201	395	1,313	2,138
Total Sales	2,496	3,884	5,989	3,574	5,434	8,148	1,778	2,066	4,307
Cost of Sales									
Food	746	1,196	1,845	955	1,540	2,155	561	966	1,238
Beverage	130	241	409	165	301	540	104	325	540
Total Cost of Sales	907	1,499	2,259	1,174	1,956	2,775	696	848	1,472
Gross Profit	1,539	2,411	3,777	2,285	3,551	5,204	1,073	1,213	2,836
Other Income	11	30	71	7	17	67	45	51	82
Total Income	1,552	2,449	3,809	2,287	3,551	5,204	1,153	1,283	2,848
Controllable Expenses									
Payroll	695	1,146	1,670	886	1,328	2,075	573	642	1,035
Employee Benefits	48	116	246	114	179	356	10	16	40
Direct Operating Expenses	125	205	333	135	293	555	151	241	635
Music & Entertainment	5	27	68	5	31	68	11	24	95
Advertising & Promotion	37	76	142	48	92	189	16	32	157
Utilities	93	139	192	135	181	240	118	144	210
Administrative & General	64	135	286	57	149	369	130	184	247
Repairs & Maintenance	36	66	109	57	104	161	43	67	88
Total Controllable Expenses	1,152	1,914	2,989	1,625	2,531	3,823	985	1,145	1,938
Income Before Occupation Costs	269	511	854	529	971	1,708	4	198	509
Occupation Costs									
Rent	84	174	317	146	290	523	101	114	599
Property Taxes	11	20	38	18	47	74	6	25	50
Other Taxes	9	22	100	2	9	19	7	12	17
Property Insurance	19	32	49	15	26	50	2	6	19
Income Before Interest & Depreciation	86	296	547	292	682	1,242	(84)	63	247
Interest	20	58	109	18	61	130	16	58	161
Depreciation	62	114	179	89	168	233	49	107	231
Restaurant Profit	$ (11)	$ 125	$ 350	$ 65	$ 455	$1,219	$ (356)	$ (100)	$ 62

Sales Volume ($000)								
Under $750			$750 to $1,499			$1,500 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$1,467	$2,016	$3,333	$2,486	$3,403	$4,655	$3,440	$5,143	$ 7,267
290	531	944	683	1,020	1,570	1,110	1,864	3,086
1,953	2,667	4,142	3,457	5,022	6,333	5,308	7,316	10,580
559	816	1,350	968	1,318	1,962	1,338	2,114	2,941
98	170	267	159	254	357	286	454	736
724	1,007	1,602	1,190	1,731	2,407	1,733	2,598	3,592
1,157	1,680	2,526	2,205	3,056	3,982	3,279	4,653	6,918
6	22	65	8	20	70	20	47	111
1,179	1,709	2,551	2,277	3,106	4,083	3,327	4,695	7,331
554	794	1,142	913	1,274	1,645	1,307	1,856	2,769
28	72	148	79	157	264	142	250	440
87	154	257	151	244	387	236	416	679
4	13	45	7	38	76	5	38	129
24	50	104	47	94	169	72	124	233
88	126	169	120	155	204	143	195	278
40	101	198	69	164	280	121	248	507
28	52	82	51	88	130	76	135	213
994	1,304	2,021	1,620	2,267	2,957	2,473	3,332	5,097
151	383	672	417	784	1,274	517	1,188	2,084
91	151	247	108	222	354	195	371	616
10	18	47	11	27	60	24	40	56
7	17	99	6	13	31	3	17	43
13	23	41	18	29	50	17	35	59
26	186	415	222	479	849	297	704	1,457
17	58	114	20	49	100	25	64	156
58	108	191	73	123	204	115	159	220
$ (108)	$ 64	$ 250	$ 32	$ 256	$ 650	$ 90	$ 498	$ 1,290

Exhibit B-22
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	69.4%	76.0%	83.4%	68.9%	74.9%	80.1%	55.7%	70.1%	83.8%
Beverage	16.8	24.2	30.7	20.3	25.6	31.2	16.2	29.9	44.3
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales									
Food	36.4	40.1	43.6	34.7	38.0	42.6	21.8	24.6	29.1
Beverage	25.0	28.1	33.3	22.3	24.9	28.9	4.7	7.2	11.0
Total Cost of Sales	34.3	37.7	41.0	32.1	35.2	37.8	35.6	39.6	42.5
Gross Profit	59.1	62.3	65.7	62.2	64.8	68.0	57.5	60.4	64.4
Other Income	0.3	0.8	1.9	0.1	0.4	1.2	2.2	2.9	4.3
Total Income	59.8	63.3	67.3	62.2	65.4	68.3	60.3	64.2	65.4
Controllable Expenses									
Payroll	24.4	28.3	32.4	20.8	25.5	29.9	26.3	31.8	35.3
Employee Benefits	1.7	3.4	5.4	2.2	3.6	5.2	0.5	0.8	0.9
Direct Operating Expenses	3.9	5.3	7.3	3.6	5.2	7.6	2.8	8.6	12.2
Music & Entertainment	0.1	0.8	2.4	0.1	0.6	1.5	0.3	1.0	2.1
Advertising & Promotion	1.1	2.0	3.1	0.8	1.7	3.2	1.0	1.6	3.5
Utilities	2.6	3.6	4.6	2.3	3.0	4.1	3.1	7.2	9.8
Administrative & General	2.1	3.6	5.8	1.2	3.0	5.0	5.7	8.8	12.0
Repairs & Maintenance	1.1	1.6	2.2	1.3	1.8	2.4	1.4	3.0	4.1
Total Controllable Expenses	43.3	49.2	59.7	39.1	45.1	53.7	49.5	56.8	60.7
Income Before Occupation Costs	8.9	14.4	19.6	11.3	19.7	26.6	0.2	10.4	16.9
Occupation Costs									
Rent	2.3	4.7	6.7	3.4	5.2	6.8	5.0	6.4	9.9
Property Taxes	0.2	0.5	1.0	0.3	0.7	1.5	0.2	0.8	2.2
Other Taxes	0.2	0.6	3.0	0.1	0.2	0.4	0.4	0.6	1.0
Property Insurance	0.6	0.9	1.5	0.3	0.6	1.2	0.2	0.3	0.3
Income Before Interest & Depreciation	2.7	7.6	12.7	6.5	11.5	20.1	(3.8)	3.5	10.1
Interest	0.5	1.4	2.8	0.3	1.0	2.1	0.7	2.5	3.5
Depreciation	1.7	2.8	4.0	1.7	3.3	5.6	2.7	4.3	10.8
Restaurant Profit	(0.3)%	3.8%	7.6%	1.7%	8.3%	18.0%	(17.6)%	(3.3)%	3.1%

Sales Volume ($000)								
Under $750			$750 to $1,499			$1,500 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
69.7%	77.3%	87.4%	69.3%	74.6%	82.3%	67.8%	74.4%	78.5%
13.6	23.4	30.6	17.9	25.6	30.9	21.5	25.6	32.2
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
26.8	29.9	35.3	26.2	30.3	33.9	23.4	27.8	30.7
4.7	7.0	9.7	4.4	5.7	7.9	5.3	6.1	8.3
34.6	37.9	41.3	33.2	37.0	40.0	31.4	34.7	37.7
58.7	62.1	65.4	60.0	63.0	66.9	62.3	65.3	68.6
0.2	0.7	2.9	0.2	0.5	1.6	0.3	0.7	1.6
59.7	63.5	66.4	60.6	63.6	67.8	62.5	65.7	70.0
24.9	29.0	33.4	22.7	27.1	30.2	22.4	26.8	31.9
1.2	3.0	4.9	1.8	3.4	5.2	2.3	3.9	5.7
3.6	5.2	7.3	3.6	5.0	7.8	4.4	5.5	7.6
0.2	0.7	1.7	0.1	0.9	2.3	0.1	0.7	2.1
1.0	1.8	3.4	1.1	2.1	3.3	1.1	1.9	3.1
3.0	4.3	5.8	2.5	3.2	4.0	2.2	2.7	3.6
1.7	3.5	7.2	1.8	3.3	5.4	2.2	3.7	5.7
1.2	1.7	2.4	1.2	1.8	2.4	1.3	1.7	2.3
42.8	49.3	57.5	40.2	46.4	52.3	40.9	49.8	56.1
6.6	14.4	20.4	10.8	16.9	22.9	10.4	16.5	23.9
3.7	5.4	6.7	2.3	4.7	7.0	2.9	4.5	6.7
0.4	0.7	1.6	0.2	0.5	1.5	0.3	0.5	1.0
0.3	0.7	3.3	0.1	0.3	0.7	0.1	0.2	0.5
0.5	1.0	1.5	0.4	0.7	1.3	0.3	0.5	0.9
1.0	7.5	12.9	5.3	9.6	16.5	5.0	8.9	17.4
0.5	2.0	3.9	0.4	1.2	2.4	0.4	1.2	1.9
2.0	3.8	5.7	1.7	2.7	3.8	1.4	2.4	3.4
(4.7)%	3.0%	7.3%	1.0%	5.1%	13.2%	1.7%	6.2%	14.7%

Exhibit B-23
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	$1,722	$3,136	$5,346	$1,742	$2,360	$3,549
Beverage	434	1,041	1,834	444	790	1,193
Total Sales	2,394	4,164	6,616	2,394	3,124	4,723
Cost of Sales						
Food	673	1,308	2,015	689	951	1,462
Beverage	134	274	598	122	193	285
Total Cost of Sales	862	1,720	2,490	843	1,159	1,728
Gross Profit	1,556	2,535	3,946	1,499	1,989	2,857
Other Income	9	28	77	4	18	46
Total Income	1,577	2,551	3,960	1,535	2,155	3,098
Controllable Expenses						
Payroll	635	1,128	1,676	651	916	1,319
Employee Benefits	68	130	221	48	117	220
Direct Operating Expenses	124	206	387	103	157	288
Music & Entertainment	12	44	129	4	25	51
Advertising & Promotion	37	73	168	24	69	126
Utilities	97	160	217	97	139	182
Administrative & General	61	139	380	43	111	279
Repairs & Maintenance	31	64	109	38	64	99
Total Controllable Expenses	1,218	1,973	3,060	1,156	1,665	2,374
Income Before Occupation Costs	286	634	1,166	225	505	822
Occupation Costs						
Rent	99	212	316	100	163	300
Property Taxes	14	22	46	18	41	74
Other Taxes	3	20	103	2	13	63
Property Insurance	22	42	71	19	28	41
Income Before Interest & Depreciation	86	354	763	52	239	543
Interest	19	51	118	28	61	106
Depreciation	60	126	199	63	122	204
Restaurant Profit	$ 5	$ 149	$ 555	$ (109)	$ 78	$ 325

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$2,631	$3,602	$4,803	$2,284	$4,289	$6,031
351	957	1,735	564	1,139	2,061
2,345	4,041	6,237	3,671	5,670	8,223
1,005	1,365	1,836	848	1,611	2,253
114	272	436	193	307	537
853	1,497	2,215	1,277	2,054	2,776
1,506	2,628	4,099	2,378	3,636	5,381
13	45	82	13	38	121
1,517	2,666	4,126	2,431	3,692	5,391
692	1,105	1,721	958	1,400	2,104
28	107	218	84	173	396
146	273	429	166	265	541
4	13	94	6	34	70
41	80	159	44	90	181
113	148	214	118	158	208
62	159	257	82	168	320
46	80	128	54	97	160
1,255	2,056	3,075	1,752	2,591	3,476
240	489	998	467	860	1,683
80	189	360	137	284	521
8	20	42	11	24	53
9	16	55	9	15	50
10	22	40	17	28	51
92	323	740	248	520	1,038
16	58	103	17	61	148
70	132	220	78	133	196
$ (40)	$ 142	$ 510	$ 64	$ 300	$ 894

Exhibit B-24
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	65.5%	74.4%	81.5%	70.3%	75.0%	81.2%
Beverage	18.5	25.6	34.5	19.6	25.5	29.8
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales						
Food	36.4	40.6	43.9	36.0	40.3	44.0
Beverage	23.8	26.3	31.3	24.2	27.3	31.0
Total Cost of Sales	33.4	36.7	40.5	34.1	37.5	40.5
Gross Profit	59.5	63.3	66.6	59.6	62.5	65.9
Other Income	0.2	0.7	1.8	0.2	0.5	1.3
Total Income	60.1	64.0	67.6	60.3	63.6	67.4
Controllable Expenses						
Payroll	22.6	27.0	31.0	24.4	28.2	32.3
Employee Benefits	1.7	3.5	5.5	1.6	4.2	5.3
Direct Operating Expenses	4.0	4.8	6.1	3.6	5.3	7.3
Music & Entertainment	0.3	1.3	2.5	0.2	0.8	1.7
Advertising & Promotion	1.2	2.0	3.5	1.0	2.0	3.1
Utilities	2.8	3.6	4.7	2.9	3.7	5.0
Administrative & General	2.0	4.0	5.5	1.6	3.3	6.3
Repairs & Maintenance	1.1	1.6	2.2	1.3	1.8	2.4
Total Controllable Expenses	40.8	49.2	54.8	43.1	48.8	57.3
Income Before Occupation Costs	8.9	15.4	20.7	8.0	14.9	20.9
Occupation Costs						
Rent	3.0	4.9	6.0	3.3	5.2	7.1
Property Taxes	0.4	0.7	1.2	0.5	1.2	2.2
Other Taxes	0.2	0.7	3.2	0.1	0.4	2.8
Property Insurance	0.7	1.1	1.9	0.7	1.0	1.4
Income Before Interest & Depreciation	3.5	8.9	14.5	2.1	7.4	12.7
Interest	0.6	1.2	2.7	0.7	1.7	3.3
Depreciation	1.7	2.7	3.8	2.0	3.6	5.5
Restaurant Profit	0.1%	3.8%	8.9%	(3.4)%	2.9%	8.0%

	Region					
	South			West		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
	69.8%	78.4%	87.2%	68.0%	74.8%	83.6%
	15.1	21.9	30.4	17.0	25.2	32.1
	100.0	100.0	100.0	100.0	100.0	100.0
	34.8	37.6	41.5	34.7	38.9	43.3
	23.2	26.6	33.4	23.4	27.6	31.8
	33.4	36.7	40.9	32.6	36.2	38.9
	59.2	63.3	66.6	61.1	63.8	67.4
	0.2	0.8	2.8	0.2	0.8	2.3
	60.2	64.6	67.8	61.4	64.5	68.9
	24.5	28.5	33.5	21.5	26.8	31.4
	1.2	2.7	3.9	2.3	3.3	5.6
	3.9	5.6	7.7	3.7	5.5	8.0
	0.1	0.3	2.2	0.1	0.7	2.1
	1.1	2.0	3.4	1.0	1.6	3.5
	2.7	3.8	5.3	2.1	2.7	3.6
	1.7	3.3	7.4	2.0	3.3	4.7
	1.3	1.9	2.9	1.2	1.6	2.2
	41.8	49.5	57.6	39.2	47.2	54.2
	7.7	15.7	22.5	11.0	17.3	25.0
	2.5	4.5	6.7	2.9	5.4	7.1
	0.2	0.5	0.9	0.2	0.4	0.8
	0.3	0.6	1.8	0.1	0.3	1.2
	0.3	0.5	1.0	0.3	0.5	1.1
	3.5	8.9	15.9	5.9	9.9	17.0
	0.4	1.3	2.6	0.3	1.1	2.7
	2.0	3.2	5.5	1.5	2.1	3.7
	(1.1)%	4.3%	12.8%	1.7%	6.2%	15.1%

Exhibit B-25
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Menu Theme								
	Steak and Seafood			American			Continental		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	$1,975	$3,259	$4,900	$1,788	$2,876	$4,502	$1,581	$2,869	$4,504
Beverage	556	1,047	1,510	336	698	1,685	731	1,248	2,000
Total Sales	2,935	4,459	6,496	2,295	3,802	6,240	2,467	4,294	6,449
Cost of Sales									
Food	841	1,336	2,121	705	1,228	1,817	657	1,030	1,748
Beverage	154	270	387	121	210	355	175	325	577
Total Cost of Sales	1,137	1,652	2,551	858	1,429	2,272	892	1,466	2,202
Gross Profit	1,780	2,801	3,934	1,436	2,405	4,179	1,588	2,818	4,331
Other Income	5	14	46	13	30	67	14	51	146
Total Income	1,828	2,806	3,934	1,479	2,433	4,226	1,599	2,880	4,441
Controllable Expenses									
Payroll	687	1,079	1,529	678	1,044	1,874	877	1,322	1,890
Employee Benefits	67	116	220	74	169	329	71	180	299
Direct Operating Expenses	132	226	394	106	185	400	136	276	434
Music & Entertainment	6	31	69	4	24	62	14	52	121
Advertising & Promotion	43	77	165	37	64	120	55	124	227
Utilities	98	140	187	112	161	224	95	141	192
Administrative & General	57	118	227	50	168	378	89	217	367
Repairs & Maintenance	41	75	122	41	80	125	35	70	137
Total Controllable Expenses	1,302	1,995	2,834	1,217	1,971	3,170	1,436	2,285	3,174
Income Before Occupation Costs	379	725	1,166	217	442	944	286	591	946
Occupation Costs									
Rent	102	219	353	109	182	385	124	210	364
Property Taxes	14	30	56	11	27	56	14	26	63
Other Taxes	4	12	34	3	14	66	4	26	113
Property Insurance	13	26	40	19	33	56	19	36	55
Income Before Interest & Depreciation	150	391	804	34	284	678	84	350	673
Interest	24	58	94	11	51	117	20	67	167
Depreciation	58	119	186	68	121	204	72	134	183
Restaurant Profit	$ 31	$ 196	$ 583	$ (56)	$ 133	$ 441	$ (78)	$ 126	$ 498

Menu Theme								
Italian			Mexican			All Others		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$1,437	$2,481	$4,616	$2,282	$3,602	$4,661	$2,778	$4,041	$5,675
464	714	1,819	882	1,235	1,679	375	915	2,000
1,779	2,252	3,236	3,543	5,303	6,158	3,281	5,235	7,530
459	963	2,326	824	1,103	1,354	1,043	1,485	2,112
133	225	830	221	304	416	108	269	705
696	851	1,242	1,118	1,535	1,849	1,260	1,916	2,638
1,079	1,304	1,917	2,352	3,769	4,192	2,093	3,220	5,002
14	47	73	6	12	49	16	47	103
1,152	1,417	1,933	2,358	3,773	4,206	2,137	3,224	5,047
578	732	886	978	1,478	1,700	858	1,290	1,996
12	18	48	39	185	322	52	147	246
64	162	363	130	253	405	162	269	473
3	13	38	5	17	87	3	11	43
20	37	86	54	99	200	45	119	250
118	147	199	136	162	211	108	158	239
66	167	220	90	167	462	59	141	307
31	62	90	43	70	97	45	85	147
991	1,233	1,593	1,898	2,526	3,393	1,359	2,342	3,740
6	210	545	278	757	1,549	418	931	1,671
80	127	199	132	213	423	115	284	388
6	20	40	10	16	64	9	21	51
9	13	33	15	53	124	13	21	83
3	12	25	20	41	82	16	30	70
(50)	169	295	(48)	447	1,057	240	619	1,242
13	38	67	21	84	121	27	77	169
53	108	211	83	203	299	85	168	236
$ (217)	$ 33	$ 238	$ (146)	$ 259	$ 692	$ 70	$ 304	$1,015

Exhibit B-26
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Menu Theme								
	Steak and Seafood			American			Continental		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	71.1%	75.6%	80.2%	68.3%	77.0%	88.7%	63.9%	71.4%	75.5%
Beverage	20.1	24.6	29.0	13.7	23.6	32.1	24.5	28.6	36.1
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales									
Food	38.5	41.7	44.7	34.6	39.0	42.6	34.0	37.7	43.1
Beverage	23.4	26.0	29.4	25.2	28.0	33.3	22.6	26.8	32.0
Total Cost of Sales	35.4	38.0	41.2	33.3	36.8	39.9	31.9	35.1	39.0
Gross Profit	58.8	62.0	64.6	60.1	63.2	66.7	61.0	64.9	68.1
Other Income	0.2	0.4	1.0	0.3	0.8	1.8	0.5	1.1	3.3
Total Income	59.3	62.5	65.2	60.9	64.3	67.7	61.5	65.6	70.4
Controllable Expenses									
Payroll	20.1	24.1	29.2	25.7	29.1	33.0	26.1	29.5	34.1
Employee Benefits	1.6	2.9	4.7	2.8	3.9	5.8	2.0	3.9	5.9
Direct Operating Expenses	3.9	5.1	7.7	3.5	5.2	7.1	4.8	5.8	8.7
Music & Entertainment	0.2	1.0	2.2	0.2	0.7	2.1	0.5	1.3	2.4
Advertising & Promotion	1.0	1.9	3.7	1.0	1.7	2.7	1.4	2.2	3.9
Utilities	2.3	3.2	4.2	2.8	4.0	5.1	2.4	3.3	4.2
Administrative & General	1.7	3.0	4.3	1.6	4.0	6.4	3.0	4.6	6.7
Repairs & Maintenance	1.2	1.7	2.3	1.4	1.8	2.5	1.1	1.5	2.0
Total Controllable Expenses	39.1	44.8	52.1	46.3	50.7	56.7	44.9	50.5	58.1
Income Before Occupation Costs	10.8	16.5	23.9	7.6	14.1	19.5	8.3	14.9	21.0
Occupation Costs									
Rent	2.5	4.7	6.3	3.0	5.5	6.9	3.2	4.8	6.2
Property Taxes	0.3	0.7	1.5	0.3	0.5	1.3	0.4	0.8	1.4
Other Taxes	0.1	0.2	0.8	0.8	0.4	1.5	0.2	0.6	2.6
Property Insurance	0.4	0.7	1.2	0.5	1.1	1.6	0.7	0.8	1.5
Income Before Interest & Depreciation	4.7	9.4	16.8	1.9	7.1	12.7	1.5	8.2	13.9
Interest	0.5	1.2	2.6	0.2	1.1	2.7	0.4	1.7	3.2
Depreciation	1.6	2.6	4.0	1.8	3.0	4.4	1.7	2.7	4.8
Restaurant Profit	1.0%	5.3%	13.2%	(2.0)%	3.8%	7.1%	(0.9)%	3.9%	10.1%

Menu Theme								
Italian			Mexican			All Others		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
74.0%	78.3%	79.9%	64.9%	74.0%	82.7%	71.8%	81.4%	91.6%
20.1	21.7	26.0	17.3	26.0	35.1	10.0	19.6	28.4
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
33.8	37.4	44.4	29.6	35.1	37.1	32.8	37.0	40.1
28.6	32.5	42.4	20.4	24.4	29.0	22.9	28.4	33.3
36.1	39.8	43.3	28.4	31.1	34.7	31.5	35.0	39.3
56.7	60.2	63.9	65.4	68.9	71.6	60.7	65.0	68.5
0.4	2.3	3.9	0.1	0.3	1.0	0.2	0.8	1.8
59.6	63.8	65.1	65.6	68.9	71.6	60.7	65.7	69.5
27.8	31.8	35.3	26.2	29.2	34.5	23.4	25.6	29.4
0.5	0.9	2.1	1.2	3.1	5.9	1.4	3.0	4.3
2.4	5.0	7.3	2.9	3.8	8.2	3.8	5.6	7.7
0.1	0.1	1.3	0.1	0.5	1.8	0.1	0.3	0.8
1.0	1.6	2.5	1.2	2.0	4.0	1.1	2.4	4.6
4.5	6.2	8.0	2.8	3.5	4.5	2.4	2.9	4.0
2.2	8.1	11.1	1.9	3.6	8.4	1.1	3.0	5.0
1.3	2.1	3.4	0.9	1.3	1.9	1.1	1.7	2.3
44.2	53.3	60.5	44.1	49.3	58.0	40.0	45.7	53.0
0.3	10.4	17.4	9.0	19.9	25.9	11.2	18.1	24.5
2.3	5.2	7.1	3.6	6.4	8.0	3.2	4.9	6.7
0.3	1.0	1.5	0.2	0.4	1.9	0.2	0.4	0.9
0.4	0.6	1.3	0.4	1.8	3.0	0.3	0.5	3.0
0.2	0.4	1.0	0.4	0.9	1.9	0.4	0.6	1.1
(2.5)	7.3	10.6	1.1	10.3	16.6	5.6	11.7	17.9
0.2	2.0	4.4	0.2	1.8	2.8	0.7	1.5	2.5
2.2	4.6	5.7	2.0	3.6	6.1	2.2	3.2	4.6
(14.5)%	1.9%	4.8%	(5.9)%	5.4%	13.4%	1.2%	6.6%	14.1%

COMMENTS FROM LAVENTHOL & HORWATH OFFICES AROUND THE COUNTRY

From Atlanta

The restaurant industry in metropolitan Atlanta experienced overall positive results and expansion in 1983. Continued rapid growth in population and disposable income and an increasing trend toward area consumers eating more meals away from home helped increase revenue and spurred growth in restaurant development. In addition, the ongoing recovery of the national economy has resulted in the first increase in passenger traffic in four years at Hartsfield International Airport, as well as increased sales at most restaurants and lounges in south Atlanta.

A wide spectrum of operations opened in Atlanta during 1983 with new development concentrated in areas north of downtown. As the customer base has expanded, a trend toward ethnic restaurants has evolved. The greatest proliferation of new restaurant development occurred in the northeast sector, primarily along the I-85 corridor. This was the result of legislation passed in suburban Gwinnett County allowing the sale of liquor by the drink. Gwinnett County is one of the fastest growing areas in the country, and with its rapid development including a recently opened regional mall, the area should be a prime target for restaurant development.

The northwestern suburban area has emerged as an entertainment district with the opening of the Atlanta Galleria. The Galleria's popularity and the continued growth of this sector has prompted three national restaurant/entertainment companies, with existing operations in north Atlanta, to seek expansion into the area. Elsewhere in suburban north Atlanta several mixed-use projects with substantial space allocated for restaurants are proposed or under construction around Perimeter Mall.

Buckhead, particularly around the Lenox Square area, continues to be an excellent market for restaurants. With numerous large-scale office developments proposed in conjunction with the opening of the Marta rapid rail line, the area will continue to be a focal point of activity in Atlanta.

Urban neighborhoods such as Virginia Highlands and Midtown have experienced significant growth in small, diversified restaurants that cater to the young professionals who reside in those areas. Downtown operations maintained their level of sales and are looking forward to the opening of a major hotel with 1,674 rooms, and the Georgia World Congress Center expansion in 1985, which should increase convention traffic to the city. The plans for revitalizing the once vibrant Underground Atlanta as well as plans by a major local developer for a futuristic shopping and entertainment complex create a positive outlook for downtown.

Overall, Atlanta restaurateurs who emphasize quality food, service and atmosphere and offer the customer a recognizable value have profited and are expected to sustain successful operations. The metropolitan area remains a center of extensive office, retail and residential development and with its relatively young, affluent and mobile population should encourage restaurateurs to develop dining/entertainment facilities in all sectors.

David T. Neises
Henry Vickers
Atlanta

From Baltimore

In recent years, Baltimore has gained national recognition for its transition from a city of factories and shipping piers to a regional center of commercial and tourist activity. Baltimore's restaurant industry has directly benefited from the dynamic real estate development activity that has occurred throughout the area. Total tax receipts for restaurants and clubs that offer liquor service increased approximately 10 percent in 1983 compared with 1982 figures. Total tax receipts reported by restaurants, luncheonettes and delicatessens that do not offer liquor service increased about 9 percent in the same period.

In 1983 there was about 10 million square feet of office space in downtown Baltimore. An additional three million square feet of office space planned for construction is to be completed by 1985. Two major mixed-use projects, presently under construction, are expected to further expand the commercial base and create new opportunities for eating and drinking establishments. The Brokerage, scheduled to open in fall 1984, will include about 100,000 square feet of new office space and 25,000 square feet of retail space. This development is planned to house three to four full-service restaurants and possibly a variety of foodservice counters. Market Center, a mixed-use development already underway, is planned to comprise up to two million square feet of office and retail space in the old retail district of the city. The Lexington Market, a historical component of Market Center, has been expanded and offers a variety of food outlets and restaurants in a traditional market setting.

The revitalization of the Inner Harbor area has transformed Baltimore's waterfront into a major tourist attraction. The Harborplace pavilions house approximately 125 shops and restaurants. The Inner Harbor's public plazas are the site for 16 seasonal city-sponsored festivals. In addition, docking facilities and a marina are provided for visiting ships. Officials at the National Aquarium report that more than 700,000 people from outside the Baltimore area visited this facility in 1983.

An increase in the number of local and out-of-town sightseers visiting the Inner Harbor is expected to be supported by continued development occurring in this area. Presently, the old power plant building, located on Pier Four, is being converted into a $20 million indoor amusement complex, containing a variety of exhibits, arcades and retail outlets. Representatives of this development, which is scheduled to open in May 1985, project that annual attendance levels will approximate 1.2 million visitors. Baltimore's 150,000-square-foot convention center is now reportedly operating at near-capacity levels with 75 percent of its business national or international in scope. City officials are presently contemplating expanding the center's facilities to accommodate additional convention business.

The restaurant industry in Baltimore's suburban area also is expanding. Major concentrations of commercial development along the northern extension of the Baltimore Beltway in Hunt Valley and Towson contain approximately five million square feet of office space. Continued residential and commercial development in suburban locations is expected to create further opportunity for a variety of eating and drinking establishments.

Based on a review of planned and proposed development it appears that the vigorous revitalization of Baltimore will continue. The subsequent commercial and residential growth, and the established popularity of the Inner Harbor area to tourist and convention markets should provide increased opportunities for restaurateurs throughout the Baltimore area.

W. Wesley Ayre
Douglas W. Henry
Washington, D.C.

From Boston

Through early fall 1983 customer counts in Boston area restaurants declined slightly from 1982 levels. However, price increases offset this trend, producing slightly higher revenue. As consumer confidence in the economic recovery strengthened in the fall, customer counts increased and helped turn 1983 into one of the best years for the Boston restaurant industry in recent history.

As a result of drunk-driving legislation revenue from the sale of alcoholic beverages declined in 1983. However, many customers would ask one person in their group to abstain or have a minimum number of drinks and assume the role of chauffeur for the ride home. And some restaurateurs provided transportation for regular customers.

In recent years, many Boston restaurants have offered "early bird dinners" to build customer counts between 5 and 7 P.M. Although prices continued to rise in 1983, customers still saved money during these earlier dining hours compared with paying full-menu prices. Some restaurateurs have reported decreased cover counts after 7 P.M.

Competition for experienced chefs, cooks and managers has intensified with the opening of several new restaurants in Boston. This situation has been particularly noticeable in the Copley Place area, where two major hotels and several restaurants opened in late 1983 and early 1984. The impact on salary levels and availability of replacements has been significant.

Boston now is popularly regarded as a restaurant town, different from the stodgy image that once prevailed. In addition to its reputation as a haven for seafood lovers, it is known for its diverse ethnic specialties. Patrons are demanding, and getting, lighter food, a bigger selection of fine wines and imported beers, and the country's best ice cream. The general opinion is that the restaurant industry is alive and well in Boston.

William I. Carmen
Peter D. Keim
Boston

From Chicago

Restaurant sales volume and patronage increased slightly in the Chicago area in 1983, suggesting that the decline in cover counts in recent years may have finally run its course.

Restaurant concepts continue to be the subject of great debate as aggressive marketers divide and subdivide customer groups. Many "new" concepts are combinations of already successful components. Several previously full-service restaurants have introduced self-service to speed lunch service and return to full service in the evening. Successful operations generally emphasize fresh, high-quality products with some ethnic element or stylish decor theme to create a market identity.

Chicago demographics reveal an increasing number of two-income families, a positive indicator that people will eat more meals away from home. Concepts that will elicit strong growth in the future will capitalize on this market by offering a combination of innovative products and fast service. This relatively affluent clientele also displays growing interest in nutrition and more sophisticated menu selections. An increasing number of popular full-service restaurants are expected to offer the prepared entree take-out concept.

Fierce competition in fast service and dinner house segments is expected in 1984 and 1985 as the suburban retail areas fill their secondary locations. Affluent downtown residential and retail areas continue to show strong demand for upscale fashionable restaurants and bars.

Mark Eble
Chicago

From Cleveland

Competition among Cleveland restaurateurs, which was partially induced by the last recession, continued in 1983. Although the economy is beginning to recover, the city's population growth has not yet exceeded the recent amount of development.

The trend toward eating "healthy" foods and lighter meals continues. More people are dining outside the home for convenience, favoring low-calorie fare, fish, chicken, crepes, finger foods, salads and appetizers.

Many national restaurant chains have or are targeted to enter the Cleveland market. The number of franchised operations also is expected to increase.

As a result of legislation passed in 1983, Cleveland area operators were introduced to tip reporting requirements as well as the issue of liability in drunk-driving cases.

The Cleveland restaurant industry should experience modest growth in 1984, paralleling the growth and economic improvement in suburban areas.

Jay Lewis
Michael Sturges
Cleveland

From Dallas/Fort Worth

The restaurant industry in the Dallas/Fort Worth area continued to expand in 1983 as a result of the area's sustained strong economy. Restaurant growth has been particularly healthy in the following sectors of the Dallas/Fort Worth metropolitan area:

- *Addison*, a small suburb located north of Dallas. A significant increase in restaurant activity has occurred in this sector during the past few years. City officials attribute the beginning of this growth to the 1976 legislation that legalized the sale of liquor in Addison, although the city requires a ratio of 60 percent food sales to 40 percent liquor sales.

Currently Addison has 86 restaurants

whose seating capacity outnumbers the town's population by nearly 2 to 1. According to city records, between 10 and 25 restaurants have opened annually since 1977.

●*Arlington*, one of the "mid-cities" located halfway between Dallas and Fort Worth. Until recently this city had been primarily a bedroom community, but the influx of upwardly mobile professionals to the area has spurred a corresponding dramatic growth in area restaurant development. Future restaurant industry growth is expected to be concentrated in two pockets of Arlington. In the north along I-30, an increase in commercial and tourist-related businesses includes plans for a restaurant "mall," a single structure which would house a variety of eating establishments. In the south along I-20, considerable growth in commercial, residential and retail development is expected.

●The *Old Warehouse District* in downtown Dallas. The recent renovation of this area has contributed to the revitalized night life in the city's central business district. Many new specialty restaurants have opened offering concepts new to the Dallas restaurant market, such as table d'hote (set price) meals and extensive fresh seafood and fish menus. Restaurant development in this section of downtown Dallas also has been stimulated by the fact that rental prices are lower than those in the more established dining areas of the city.

Current trends in Dallas/Fort Worth restaurants include serving fresh food prepared in a nouvelle cuisine style with emphasis on visual presentation; dishes that have local origins such as seafood, meat and poultry grilled over a mesquite wood fire, and a variety of local wines and champagnes. The Dallas/Fort Worth restaurant industry has shed its plain "meat-and-potatoes" image and is expected to continue to grow in both size and diversity.

Alma J. Eastman
Lisa R. Harris
Margelia M. Jones
Dallas

From Denver

The restaurant industry in Denver is perpetuated by the aggressive growth and development activities that are occurring virtually in all directions throughout the metropolitan area. In addition to new office, retail and hotel construction in the downtown core, commercial and residential development continues in the surrounding corridor, particularly in southeast Denver.

The influx of people from various parts of the country to Denver has added several new facets to area foodservice businesses. Many of Denver's restaurateurs are busy adjusting menus and themes to follow trends in customer preferences and, in some cases, mimic successful operations. The newcomers and their tastes have encouraged and supported such concepts as mesquite-cooked seafood, and lighter Italian and French fare. Even the exotic ethnic flavorings of Vietnamese, Korean and Moroccan cuisine are beginning to appear in the Denver market.

Foodservice chain operations are responding to Denver's population surge. Not only have national chains successfully infiltrated this area, but they also have influenced local, independent owners and operators to form multi-units that usually follow a central theme. The chain operations alone account for 40 percent of the foodservice business in Denver and 60 percent of the dollar business.

Although the restaurant picture in Denver and parts of Colorado appears to be turning to chain operations, a need for small independent entrepreneurs remains. Patrons appreciate the small, intimate restaurants that direct their attention to innovation, quality food and service.

The relatively young affluent population in the Denver area provides a public eager to try new lounge establishments. However, a high percentage of professionals can lead to fierce competition for lounge patrons. Many lounges are offering two-for-one prices all night, all-you-can-eat-and-drink for a specified price, elaborate hors d'oeuvre buffets and even nightly promotions of the newest trends such as lip-sync and break-dance contests.

The operators of the independent and multi-unit restaurants and lounges are becoming increasingly aware of the need to develop and implement more sophisticated controls as well as to initiate more innovative marketing plans. They are learning rapidly from their chain operation competitors about the importance of computerization to exercise greater control over aspects such as payroll, inventory, menu changes, food cost and contract purchasing.

Suppliers, too often in the background, are an essential component affecting the trends and the sophistication of the foodservice industry. They have developed a "one-stop-shopping" service in an attempt to serve all the restaurateur's needs, from exotic food, papergoods and equipment design to food cost computerization. Their efforts provide additional leadership and education in the industry.

This diversity of development and the continuous immigration of new residents suggest a positive outlook for the restaurant industry in the Denver area.

Kaye Newman
Denver

From Detroit

As a result of the dramatic increase in Detroit's auto production, most area restaurants and bars had strong sales in 1983 and the first quarter of 1984. More people in Detroit are dining out and spending more money than in recent years. However, as many economists predicted, people are careful and demanding in their postrecession spending. Consumers desire a quality experience more than ever before. Detroit restaurateurs are responding to this trend by emphasizing service and product presentation. Local fast-food operations are being modified to include more extensive menus and more traditional personalized service. Restaurants with à la carte menus are beginning to feature grilled fresh fish and light pasta dishes, which have been popular on the East and West Coasts for some time.

Restaurant and bar development in 1983 occurred primarily in Detroit's northwestern suburbs, particularly in West Bloomfield and Southfield. Continued revitalization activity in downtown Detroit is expected to stimulate restaurant development. Forest City Dillon broke ground recently for its downtown Millender Center project, which will include a major hotel and several small restaurants to service its office and retail space. Greektown and Bricktown developers are planning aggressive growth for this downtown dining/entertainment district.

Although 1984 should be a good year, competition is expected to intensify among Detroit area restaurants, forcing marginal operations out of the market. Expectations for short-term growth are strong; long-term projections will continue to parallel the health of the domestic automotive industry.

Sarah W. Boulos
Detroit

From Houston

During 1983, Houston continued to feel the impact of the downturn in the petrochemical industry and peso devaluation. Historically, restaurants benefited from visitors conducting business with oil and gas corporations and from Mexicans who traveled to Houston for shopping, vacation or business.

The number of restaurant closings exceeded the number of new outlet openings in 1983. The total number of restaurant units declined approximately 0.9 percent in 1983 compared with 1982 figures. Despite the general softness in the market, sales through September 1983 increased 1.9 percent to $1.433 billion in 1983 compared with $1.406 billion in 1982.

Successful operators effectively defined their target markets and promoted their concepts to increase sales. Average sales per outlet increased 2.9 percent to $195,814 in 1983 compared with $190,323 in 1982.

Positive growth trends are projected as the local economy recovers. Future restaurant patronage by convention attendees is expected to increase with the opening of a new 1.2 million-square-foot convention center in mid-1987. Houston restaurants are positioned advantageously to capitalize on socioeconomic changes including relocations to the Sunbelt, positive trends in the number of working women, increasing percentages of single-person households, the need for convenient dining and an increased desire for leisure time.

Karen Peterson
Houston

From Kansas City

The Kansas City area experienced solid growth in 1983 and continues to present a good mix of demographics, available sites and new commercial and residential areas for restaurant development, particularly franchises. Fast-food outlets, family restaurants and the singles-oriented restaurant and bar concept are the most rapidly expanding segments of the food and beverage industry in Kansas City.

Many operators reported increased sales in 1983. And costs continue to be contained because of the low inflation levels during the last two years.

Opportunities for new development in Kansas City's central business district are excellent with renovations to existing buildings and construction of several major office projects underway. A major chain opened a new upscale restaurant and bar on the Plaza, the premier retail and restaurant district in the midtown area, filling a niche in the higher priced market.

In the suburban areas, retail malls and major arterial streets provided sites for much of the new development to meet a growing residential market. Office and hotel construction continues at a rapid pace in south Johnson County. But because the market is demanding and quality conscious, some restaurants have been forced to close or change their formats.

The outlook for continued growth in the Kansas City area is very good as new office, hotel and residential development is expected to expand the market for food and beverage outlets.

Marc Schwartz
Kansas City

From Los Angeles

Restaurateurs in the greater Los Angeles area report increased customer counts in 1983 compared with 1982 levels, reflecting a general recovery commensurate with the recovery of the national economy. Many operators also indicate that they will continue to use labor efficient techniques as well as emphasize controls over cost of sales.

Single-unit and multi-unit operators are relying more often on computerized point-of-sale and back-office accounting systems to provide timely control of food costs. These systems not only have helped reduce food costs, but have enabled several restaurateurs to reduce food inventories by as much as 50 percent.

Los Angeles area restaurants offer an expanding assortment of products, with many new units focusing on fresh rather than frozen ingredients. On-premise production of menu-support items, such as baked goods and fresh pasta, also has increased.

Operators report a growing demand for health- and diet-oriented items. They also perceive a continuing shift from consumption of distilled liquor to wine, with wine sales by the glass, including premium selections, becoming more popular.

As in other areas of the country, the management expertise and special menus of foreign restaurant chains are exerting a positive influence on Los Angeles restaurants. This trend, also strong in the hotel industry, is expected to continue in the foodservice arena.

David Kinkade
Nancy Mootz
Los Angeles

From Minneapolis/St. Paul

The Twin Cities' restaurant industry is thriving. Two significant factors in this growth are the presence of the "baby-boom" generation, now a major consumer segment, and the increasing number of business and vacation travelers to the area.

New specialty retail centers such as Calhoun Square and City Center in Minneapolis and Bandana Square and the Depot in St. Paul continue to provide the public with a wide variety of food and beverage facilities. All of these centers offer full-service, sometimes nationally franchised, operations as well as walk-up fast food and prepackaged food.

Fine dining establishments, such as in a new hotel property in downtown Minneapolis, are regaining popularity and often require advance reservations. Gourmet delicatessens, another popular type of foodservice outlet, are plentiful in the downtown area and in malls, retail centers and grocery stores throughout Minneapolis and St. Paul. They offer a wide variety of specially prepared appetizers, entrees, salads and desserts for consumption on or off the premises. Some delis even prepare picnic baskets complete with red and white checked tablecloths and wine.

Patronage at restaurants featuring Greek and Vietnamese cuisine has increased in the Twin Cities area as a result of the appeal of flavorful yet simple preparation and presentation of fresh and healthy fare. Other recent additions to the Twin Cities market include foods cooked over mesquite coals, and gourmet hamburger outlets.

Food sales in metropolitan area hotels increased 3.3 percent in 1983 compared with 1982 figures. Although beverage sales remained constant with prior-year levels, total food and beverage sales increased 2.4 percent in 1983 compared with 1982. Restaurateurs attribute the lack of growth in beverage sales to the enforcement of statewide drunk driving legislation. In addition, individual operators have changed the minimum drinking age at some food and beverage establishments to 21, two years above the legal requirement.

Ellen Goldfine
Minneapolis

From New York

Although volume had been the major concern of New York restaurateurs in 1983, they reported increased customer counts during the first quarter of 1984.

Operators of fine dining establishments report the largest increases in cover counts, while medium-priced and family restaurants are experiencing the smallest increases (about 5 percent). Fast-food restaurants have experienced moderate improvement in volume, with outlets that specialize in "healthy" fare and chicken reporting the highest increases.

In addition to increased volume, other indicators in the past year that correlate with favorable restaurant trends, such as growth in tourism, increased hotel occupancy, improved sales in major department stores and a number of successful new shows on Broadway, have given operators a feeling of guarded optimism.

One major restaurant center whose results have been somewhat disappointing is South Street Seaport. Although the reaction to the development and restoration of this site has been positive, customer counts have been modest. Low volume along with comparatively high rental rates have created problems for many of the restaurateurs.

A trend toward American cuisine has emerged in New York, generating new or proposed development as well as renewed interest in restaurants featuring this type of food.

Area restaurateurs anticipate higher cost increases in 1984 compared with 1983 levels; however, they also predict that price increases will be easier to implement in 1984.

Many owners of mid- and high-priced restaurants have discovered that the personal computers they acquired can provide important analyses toward cost control efforts. Electronic cash registers can be found in most major New York establishments.

The outlook for the New York restaurant industry for the remainder of 1984 is favorable, with projections for sizable volume increases, moderate price increases and small cost increases.

Bjorn Hanson
New York

From Philadelphia

The recovery that characterized Philadelphia's restaurant industry during 1983 began in late 1982, resulting in high hopes among operators who experienced a bleak year during 1982. Early indications of a turnaround were not fully realized, however, until midway through the second quarter of 1983. By then the industry was experiencing both increasing customer counts and higher average checks. The latter phenomenon was not primarily due to higher menu prices but more a result of customers selecting add-ons such as appetizers, desserts and alcoholic beverages.

Among the highlights of the restaurant scene in center city was the relocation of one of the area's major fine dining establishments to more spacious and sumptuous quarters on Walnut Street, west of Broad Street. This move reflected the general development interest in 1983 in the area west of City Hall, including the opening of a number of new office buildings, construction of several others and the opening of a major luxury hotel at Logan Square.

Interest in development in the Reading Terminal area picked up toward the end of 1983 as a result of the announcement by city officials that this area was selected for construction of the new convention center. The Reading Terminal Market has become a center of restaurant activity since small specialty cafes have opened there to complement the large number of retail fresh food stands.

The South Street/New Market/Society Hill area continues to be a favorite dining-out location that promises to become even more popular with the opening of a restaurant that is the first venture for a local successful entrepreneur into that part of the city.

The new luxury hotel opening and the renaming of an adjacent hotel, accompanied by a major upgrading of the specialty restaurant in that hotel, represent a significant fine dining element being established at Logan Square. Another major hotel opened in 1983 on City Avenue. This area is now being promoted as the Golden Mile and has become a more significant force in the dining-out market as a number of specialty restaurants have opened there.

A development that promises to play a significant role in the future of the Philadelphia restaurant industry is the implementation of the long-awaited hotel tax. This new revenue source will enable Philadelphia's Convention and Visitors Bureau to undertake a nationwide advertising campaign. In the past, the advertisements have focused, in part, on the great variety and quality of dining establishments available in the Philadelphia area. Now, the campaign could possibly eliminate the "best kept secret" aspect of dining out in southeastern Pennsylvania.

Geoffrey Kirkland
Philadelphia

From Phoenix

The Phoenix restaurant industry sustained its dynamic character in 1983. Because of the city's diverse population, drawn from all areas of the country, it remains a highly desirable test market for new product development.

Several concepts that have been successful in other parts of the country, such as unique fast-food outlets and restaurants specializing in gourmet hamburgers, were introduced in Phoenix during 1983. Gourmet emporiums, offering ready-to-eat foods and specialty items to be prepared at home, continue to thrive.

Restaurants featuring ethnic foods other than the traditionally favorite Mexican and Italian fare are increasing in popularity. In particular, restaurants offering cuisine indigenous to countries in Southeast Asia, such as Thailand, have experienced steady growth.

The Valley is unique in the consistent quality and popularity of resort-operated food and beverage establishments. Because of the high concentration of first-class resorts in the Phoenix/Scottsdale area, a variety of restaurants are available to consumers. As a result of these restaurants' increased popularity, even among local residents, many are now considered superior to and more desirable than some of the higher-quality freestanding establishments.

The small number of high-quality restaurants downtown reflects the area's lack of evening activity. The Phoenix community continues its efforts to attract both commercial and residential development to the downtown area, which would stimulate further restaurant development.

Anne Senausky
Brian Wilson
Phoenix

From St. Louis

Strong activity in the St. Louis restaurant industry in 1983 was largely a result of increased real estate development and rehabilitation occurring throughout the metropolitan area.

Many restaurants opened in 1983 and the beginning of 1984, reflecting the overall accelerated revitalization of select areas of St. Louis. Redevelopment of midtown St. Louis has attracted new establishments, highlighted by one that caters to upper-income patrons attending events at the Fox Theatre and Powell Symphony Hall in the redeveloped theater district. The central west end, one of the city's premier locations for dining and entertainment, continues to attract bright, young restaurateurs with a creative flair for catering to the young professionals who frequent this district. Previously characterized by medium-priced operations, the west end experienced an increase in fine dining establishments during 1983.

Two major mixed-use projects under construction to be completed in late 1985 or early 1986—Union Station, being developed by the Rouse Company and Oppenheimer Properties of New York, and St. Louis Centre, a joint venture of Melvin Simon Associates and the May Company—will house numerous new specialty food and beverage operations.

Continued strong restaurant activity in select areas of suburban St. Louis County was a result of sustained commercial and residential real estate development.

Operators of fine dining establishments report contrasting trends between weekday and weekend patrons. More sophisticated diners, usually associated with business and convention activity, generate higher check averages during the work week. Weekend patrons tend to be more price sensitive and less knowledgeable about food and wine. As the number of working women increases, female patronage helps soften the impact of recession-induced sales declines.

Established restaurateurs cite attention to basic sound business practices as the key to continued success. For example, preparing and adhering to financial budgets is essential in monitoring operational performance. Owners of independent fine dining and middle-market establishments report that training programs designed to develop talented management and service staff have limited employee turnover and reduced labor costs.

Food and beverage costs remained relatively stable during 1983. Operators attribute this fact to careful monitoring, which allowed them to deal with material changes as menu prices increased modestly. Managers of operations featuring live entertainment frequently indicated that increases in beverage sales more than offset declines in food sales, resulting in a moderate increase in total revenue compared with 1982 figures. Entertainment costs, typically a considerable expense, remained relatively flat due to entertainers' willingness to maintain fees and negotiate package deals.

To avoid large advertising expenses, some operators have sought to maximize their advertising dollars through in-house sales promotions and "happy-hour" attractions. For many St. Louis restaurateurs, rent continues to be the greatest expense.

New construction and rehabilitation activity are expected to continue, suggesting a positive outlook for the St. Louis restaurant industry in 1984.

Felix Cacciato
St. Louis

From San Diego

The San Diego restaurant industry continued to grow in 1983, stimulated by relatively low local labor costs, regular availability of fresh foods and the burgeoning economy. As a result, independent restaurateurs in all San Diego County markets enjoyed success. Considerable restaurant development activity occurring recently in the Hillcrest and Gaslamp Quarter areas has revived dinner business in the downtown sector.

The 800,000-square-foot Horton Plaza Retail Center, adjacent to the Gaslamp Quarter, is currently under construction with plans for several new eating establishments. A large hotel that caters to group meetings has opened near the central business district, featuring a dining pavilion with five different restaurant formats. In addition, efforts are underway to organize a promotional campaign aimed at encouraging more professionals who work downtown to patronize establishments after working hours.

Historically, San Diego's restaurant market has depended heavily on tourism. Recently, there has been a marked trend toward marketing to the local population with restaurant locations and concepts being oriented especially to area businesspersons and other local patrons. This trend should increase overall volume and insulate operators from severe economic fluctuations in the future.

The current and projected high levels of growth in population, income, commercial development and tourism suggest continued and increased demand for all independent and chain-operated eating establishments in San Diego.

Carl Winston
San Diego

From San Francisco

The majority of San Francisco restaurateurs experienced another healthy year in 1983. They are very optimistic about 1984, as the Democratic Convention, All-Star Baseball Game, Super Bowl, "return" of the cable cars, and "spillover" from the Olympic Games in Los Angeles are expected to generate tourism and increase business. A variety of new restaurants opened in the San Francisco Bay area in late 1983 and early 1984 in anticipation of strong summer and future activity.

Restaurateurs have reacted to the growing competition in a variety of ways. Some have directed their efforts toward increased efficiency, for example, commissary concepts, electronic cash register systems and by-product utilization planning. Others have profited from maximizing their revenue through diversification into banquet, catering and retail profit centers. As a result of these efforts, many restaurateurs have increased their profits significantly as well as marketed and promoted their standard product.

According to most operators, the highest percentage of patrons are aged 25 to 45. This age group comprises the most sophisticated and discriminating consumers. Their demand for product value and variety prompted restaurateurs to develop several new concepts including beef, seafood and salad by the ounce; wine by the glass, and all-you-can-eat soup and salad outlets.

Other trends in the Bay area include the return of restaurants specializing in prime rib; increased popularity of gourmet hamburger establishments; the emergence of champagne and oyster bars; slow growth in restaurants offering Mexican food, and a continuing decline in distilled liquor sales. The demand for "California-style" cuisine, still popular in Northern California, has declined slightly. Several restaurants featuring classic French fare, which is regaining popularity, have opened in the past two years.

Historically, foodservice chains have found the Bay area market difficult to penetrate. The competitive nature of this market and the level of consumer sophistication should sustain this trend. San Francisco is expected to maintain its reputation as one of the country's most dynamic foodservice markets as well as a mecca for developing new concepts.

Robert B. Stiles
San Francisco

From Seattle

Seattle restaurateurs enjoyed sizable increases in sales during 1983 as the area showed signs of recovery from the recession. Although there was relatively little restaurant development, cover counts increased significantly and menu prices increased moderately compared with 1982 levels.

As in many regions of the country, Seattle restaurateurs are offering more chicken and fish items on their menus. Ethnic foods, predominantly Mexican, Chinese and Italian, also are popular.

Liquor sales reached near-record levels in 1983. However, this trend is not expected to continue because of the statewide effort to enforce drunk-driving legislation. We expect area operators to develop innovative marketing and operational strategies in response to this situation.

Many area restaurateurs are stressing controls in an effort to increase profits. They attribute operational efficiency to the increased use of computer systems, a trend which is expected to continue.

Seattle is gaining popularity as a tourist and convention destination. The restaurant industry is expected to expand as the city attracts more visitors.

Andrew N. Olsen
Craig Schafer
Seattle

From Southern Florida

The term last-in last-out could describe the Southern Florida's hospitality industry. The area was one of the last to be affected by the nationwide recession and appears to trail the rest of the nation in the recovery. Although the local restaurant industry improved in 1983 compared with 1982, the gains were slight. Average checks remained almost constant with prior-year levels. Area restaurants continue to feel the effects of reduced tourism, particularly in the international sector.

Several new hotels opened in 1983, most with luxury dining outlets as well as extensive meeting and banquet facilities. These restaurants are enjoying relatively good business but receive very little outside patronage, except during the lunch period. As the downtown Miami office boom nears completion and convention and commercial business expands, area restaurateurs expect 1984 to be a much better year.

Fast-food outlets continue to flourish as the average age of the population decreases. The development of several major retail centers during the past few years has served as a bonanza for fast-food and family-type operations.

Broward County continues to host many of the area's finer dining establishments with most restaurateurs reporting increased patronage, particularly in winter and spring.

Although 1983 was considered a flat year in the food and beverage industry, most operators anticipate marked gains in 1984. Cover counts are expected to improve slightly, with average checks increasing approximately 5 percent.

Irwin I. Glick
Miami

From Tampa

The restaurant industry in Tampa continued to expand during 1983 as a result of the high level of commercial and industrial growth occurring throughout the metropolitan area. According to a national survey that ranked the Standard Metropolitan Statistical Areas (SMSAs) in the United States, the Tampa-St. Petersburg-Clearwater SMSA is one of the 10 fastest growing regions in the country. This dynamic growth presents important opportunities for restaurateurs.

A significant amount of restaurant development is expected to occur in the following Tampa markets:

●*North Tampa,* characterized for the past 10 years by an accelerated pace of residential development. This growth is attributed to Tampa's increasing employment base downtown and in the Airport/Westshore area. Several restaurants opened recently in North Tampa, and based on the number of residential developments currently under construction or planned, it appears that additional restaurants could be supported.

●*Downtown Tampa,* which represents a challenge to those considering restaurant development in the Tampa Bay area. Historically, downtown restaurants have catered to the business lunch crowd, placing little emphasis on dinner hours. However, several projects that are currently underway or planned could influence restaurateurs to open the type of outlets downtown that would attract an evening crowd.

These projects, which have elicited interest from a variety of national restaurant companies, include Harbour Island, a 177-acre property located south of downtown Tampa that will contain a 300-room luxury commercial hotel, 90,000 square feet of retail space and nearly 200,000 square feet of office space; the Tampa Convention Center, planned for development along with a hotel complex, to be located directly north of Harbour Island, and the approximately 1.2 million square feet of office space currently under construction in downtown Tampa.

- *Airport/Westshore*, the fastest growing commercial market in Tampa. Often referred to as Tampa's "second downtown," this sector contains the largest concentration of office space in Hillsborough County. By the end of 1983, there was approximately 3.9 million square feet of office space in this area. Another two million square feet of office space is currently under construction, almost 50 percent more than the existing supply. Several new restaurants are planned to accommodate this area's growth.

As its commercial and industrial base continues to expand, Tampa's projected status as one of the country's leading growth areas should have a positive effect on the city's restaurant industry.

Larry Cleek
Tampa

From Washington, D.C.

Total tax receipts reported by eating and drinking establishments in 1983 increased approximately 11 percent compared with 1982 levels, reflecting the opening of new businesses and improvements in sales volume at existing restaurants in the District of Columbia. The popularity of the city's attractions and amenities with tourists and local residents, a relatively sophisticated and dynamic employment base and the real estate development occurring throughout Washington, D.C. continue to support the wide variety of eating and drinking establishments.

According to *Black's Office Leasing Guide*, Washington contained approximately 48 million square feet of privately owned office space in 1983. The major users of private office space were the Government (about 26 percent of the total) and nonprofit associations and unions (16 percent of the total). About 48 percent of all office space was used by the service industry segment, the fastest growing employment sector in the city.

An analysis of the distribution of employment by job category supports projections that Washington's commercial base will continue to expand. The service sector, including restaurant and hotel, personal, business, health, legal, educational and social services, and the Government accounted for 68 percent of all jobs in 1983.

An additional 12 million square feet of office space is currently under construction and scheduled for completion by 1987.

An increasing number of domestic and foreign travelers are attracted to Washington for business and pleasure. According to a recent Tourism Development Policy study, sightseeing as a purpose for visiting the city is nearly four times the national average. Approximately 15 percent of all visitors are from foreign countries.

The Washington Convention Center, now in its second year of operation, is expected to have a positive effect on the city's restaurant industry. The Convention and Visitors Association is aggressively promoting the District of Columbia as a major convention destination. The development of this $100 million facility also has served as a catalyst for a variety of proposed projects in the city's transitional east end.

In addition to the development of a variety of independent restaurants, facilities housing many outlets under one roof have opened recently. These include the newly renovated Old Post Office Building, a component of the Pennsylvania Avenue Development Plan, and International Square, located in the financial district. The first phase of the Rouse Company's National Place arcade, located on Pennsylvania Avenue, was scheduled to open in May 1984. This facility contains about 125,000 square feet of space, 25 percent of which is devoted to foodservice.

The restaurant industry in suburban office centers also is expanding, paralleling the continued residential, commercial and research and development activity occurring in areas such as Tysons Corner in Virginia and along the I-270 and I-95 corridors in suburban Maryland. The proximity to Federal Government installations and the convenience provided by the area's expanding rapid transit system continue to generate interest in a variety of developments.

Continued growth, expected for both the urban district and the suburban office centers, a projected increase in the number of visitors for convention, sightseeing and business-related activities and the expanding commercial employment base should produce positive results for metropolitan Washington restaurateurs in 1984.

W. Wesley Ayre
Douglas W. Henry
Washington, D.C.

EXPLANATION OF TERMS

Median—lower quartile—upper quartile

In a column arranged in regular sequence from high to low, or vice versa, the median is the middle figure. In the case of operating results, this means that half the restaurants represented had better results than the median and half had poorer results.

The lower quartile is the dividing point between the lowest quarter and the upper three-quarters of the group. The upper quartile is the dividing point between the highest quarter and the lower three-quarters of the group. Thus, the lower quartile, median and upper quartile divide a series of figures into four equal parts. The results of the middle half of the restaurants fall between the lower and upper quartiles.

Food sales

This category includes revenue derived from the sale of food in the restaurant. Food sales also include the sale of coffee, tea, milk and fruit juices, which usually are served as part of a meal. If there is no service of liquor, beer or wines, the soft drink sales also would be included in this category.

Beverage sales

This category includes revenue from the sale of wine, spirits, liqueurs, beer, ale and soft drinks. These sales do not include coffee, tea, milk or fruit juices, which normally are served with meals and, therefore, are considered food.

Payroll

This category includes the regular salaries and wages, extra wages, overtime, vacation pay and any commission or bonus payments made to employees. The entire restaurant payroll generally is included under this category.

Direct operating expenses

This category includes expenses directly involved in providing service to the customer. Such things as uniforms, laundry, linen, china and supplies are examples of direct operating expenses.

Advertising and sales promotion

This category includes all costs incurred in the maintenance, creation or promotion of sales in the restaurant.

Administrative and general expenses

This group of expenses is commonly considered "overhead," and includes items that are necessary to the operation of the business rather than those connected directly with the service and comfort of the customer. Examples include office supplies, telephone costs, general insurance and professional fees.

Occupation costs

These expenses, together with interest and depreciation charges, are the costs of readying the premises for operations. These are sometimes called "fixed charges" since they usually are determined by the financial setup of the restaurant and not by the trend of its business. Rent, taxes and property insurance are occupation costs.

ANALYZE YOUR OPERATION

A periodic analysis of your restaurant's financial performance may provide some early warning signs of potential problems. Food costs or payroll may be inching up month by month. Some controllable expenses could be increasing while others are decreasing.

Day-to-day changes in your costs may be small and could go unnoticed. However, examination on a regular basis could uncover undesirable trends, allowing you to take corrective action and control situations that could lead to a crisis. That is the key to effective management.

To help you toward better management, we have included on the following page a worksheet designed to help you analyze how well your restaurant is doing in comparison with the rest of the industry. Follow these simple instructions for completing the worksheet:

1. Enter your financial data in the first column.

2. Compute the percentages for column 2 by dividing the amounts by total sales. (Note—Where food and beverage sales are broken down separately, compute percentage of food cost by dividing cost of food by food sales; for the beverage cost percentage, divide cost of beverage sales by beverage sales.)

3. Calculate the supplementary statistics in accordance with the formulas given.

4. List the appropriate comparative percentages or ratios from this report in column 3.

5. Compute the variances by dividing the difference between the figures in column 2 and column 3 by the figures in column 3. Multiply the result by 100 to express the variance as a percentage.

6. If the variance is greater than plus or minus 10 percent, further analysis should be made to determine the reason for that variance.

WORKSHEET

Complete and Compare
Statement of Income and Expenses

	Your Figures (Dollars)	Your Figures (% of Sales)	Restaurant Industry Report	Variance + or −
Sales				
Food	$	%	%	
Beverage	$	%	%	
Total sales	$	%	%	
Cost of sales				
Food	$	%	%	
Beverages	$	%	%	
Total cost of sales	$	%	%	
Gross profit	$	%	%	
Other income	$	%	%	
Total income	$	%	%	
Controllable expenses				
Payroll	$	%	%	
Employee benefits	$	%	%	
Direct operating expenses	$	%	%	
Music and entertainment	$	%	%	
Advertising and promotion	$	%	%	
Repairs and maintenance	$	%	%	
Total controllable expenses	$	%	%	
Income before occupation costs	$	%	%	
Rent	$	%	%	
Property Taxes	$	%	%	
Other Taxes	$	%	%	
Property Insurance	$	%	%	
Income before interest and depreciation	$	%	%	
Interest	$	%	%	
Depreciation	$	%	%	

Supplemental Operating Information	Your Figures	Restaurant Report	Variance + or −
Sales per seat			
Food	$	$	
Beverage	$	$	
Total	$	$	
Average receipt per cover (total sales ÷ covers)	$	$	
Daily seat turnover (covers ÷ seats ÷ 365 days)	times	times	
Index of productivity [sales ÷ (payroll + benefits)]	times	times	